

ANNUAL REPORT 2023



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About Ocean Sun

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 is embarking on its vision 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 following the highest quality standards



Supportive

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

OCEAN SUN IN BRIEF

Ocean Sun is a technology provider, offering licence agreements to developers and independent power producers worldwide. Our technology offers the lowest levelised cost of energy of any FPV solution available, thanks to the lean design and the cooling effect from the water which increases the power output from the solar modules.

Working towards a renewable energy future, we have installed ten demonstration systems on two continents. Since its foundation, Ocean Sun has been working towards its vision to be a world leading technology provider of floating solar.



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 of installed solar capacity to reach the Net Zero Goals. This would require extensive areas of land, equivalent to almost 15 million football pitches. Finding suitable deployment space, close to existing grid and energy consumption is therefore 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 these 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, in order to 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.

Ocean Sun’s 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

- Reduced land use
- Co-sitting benefits with hydro and wind
- Production closer to consumption
- Aqua culture benefits
- 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 will come from licence fees payable per Watt peak installed, in addition to engineering fees.

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

Our strategic priorities

1. Increase revenue through market focus
2. Continuous technology improvement and cost reduction
3. Improve the customer experience during installation and operation

FPV market segments

Benign waters	Reservoir	Nearshore	Offshore
Segment positives			
Lion’s share of installed capacity -> established market	Rising interest from HPP-operators, unlimited potential	Proximity to demand, island nations (smaller scale)	Strong interest from O&G and offshore wind for FEED
Segment negatives			
Multiple suppliers, primarily pontoon-based	Few installations on HPP to date	Undefined market regulation	Challenging operational environment
Segment potential			
Low/medium	High	High	Medium (wind farms, Power to X)
Segment readiness			
Established	Expanding but not mature near/mid-term	Testing phase mid-term	R&D phase long-term
Ocean Sun’s position			
Important for cumulating track record	Target segment for OS which has unique selling points	OS has a unique commercial solution, focus mid-term	Focus for R&D activities

Our climate benefits

RENEWABLE ENERGY

Ocean Sun offers a technology that provides affordable renewable energy with minimal impact on the environment

NO LAND USE

Not using land resources prevents deforestation and avoids conflicts with agriculture and urbanisation, while reducing grid connection cost and power losses

MORE POWER OUTPUT

Water cooling of the solar panels enables up to 10% more power production with the same materials

WATER RESOURCE MANAGEMENT

The system reduces evaporation, underwater sunlight exposure and mitigates algae growth challenges

LESS MATERIALS

Ocean Sun uses up to 65% less plastic, 90% less aluminium and 50% less copper compared to other FPV solutions

LEAN TRANSPORTATION

Material efficiency and dense packaging of membrane results in ~10x lower packaging volume than for pontoon-based FPV systems.

About Ocean Sun

Climate **impact** potential

A 100 MWp Ocean Sun FPV plant at SEA 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

~ 34 000 Cars



Save 300 hectares of land

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

~ 120 football pitches



Source: <https://www.irena.org/Data/View-data-by-topic/Climate-Change/Avoided-Emissions-Calculator>

La Palma, Spain, 250 kWp



Letter from the CEO

Dear Shareholders and Stakeholders,

I am honoured to address you as the newly appointed CEO of Ocean Sun, succeeding Børge Bjørneklett who led the team for the past seven years. As I step into this role, I am committed to building upon the foundation he has laid and driving Ocean Sun to new heights in the international floating solar market.

Reflecting on 2023, while I was not at the helm, Ocean Sun continued its journey of innovation and progress. Despite being a year with fewer notable milestones, we spent our time improving our solutions and preparing for the upcoming phase of growth.

Our collaboration with SPIC in China provided valuable learning, as we witnessed our floaters experience storms far offshore. These experiences, through a joint R&D endeavour, have been instrumental in shaping our future strategy and refining our technology, potentially unlocking new segments for floating solar offshore.

Similarly, the completion of the BOOST project in La Palma in December 2023 underscored our commitment to continuous improvement. As we prepare for its relaunch in 2024, we are looking forward to further demonstrating the robustness of our nearshore floating solar solution.

In 2023, we also signed a strategic partnership agreement with Inseanergy, a company focused on serving the aquaculture segment with floating solar, using the patented Ocean Sun technology. This collaboration fits our strategy well and is expected to provide an additional arena to demonstrate our technology in 2024.

However, as we chart our course for the future, we need to acknowledge that the floating solar industry is still in its infancy, with regulations and standards varying greatly across different regions. Navigating this landscape presents unique challenges, resulting in delays in the development for many of our already announced projects and pipeline in general.

In light of this, we are strategically shifting our focus towards hydropower reservoirs and other benign water bodies. The nearshore market will still be relevant for pilots and single rings, but we do not anticipate utility scale installations in these waters in the short term. Therefore, concentrating on more regulatory mature water bodies will contribute to Ocean Sun's success. Going to market, we have a solid technical base to rely on. We have reached a significant milestone with 150 patents across four main families, strengthening our intellectual property protection. Key market approvals in China and India ensure safeguarding of our technologies. Moreover, in 2023, we continued patenting new innovations, reinforcing our position as a leader in the floating solar industry.

In closing, I extend my thanks to the Ocean Sun team and Board of Directors for their trust and commitment. Together with our partners, clients and shareholders, we will continue to be a solution to our global energy needs.

Sincerely,

Kristian Tørvold, CEO

Share info

About our shares

Ocean Sun has been listed on Euronext Growth Oslo since 26 October 2020, under the ticker OSUN. The listing price for Ocean Sun was NOK 18 per share and the price as at 31 December 2023 was NOK 3.81 per share.

The company has 44,986,200 outstanding shares. The share capital as at 31 December 2023, amounted to NOK 449,862.

Number of shares:	44,986,200
Votes:	44,986,200
Shareholders 31 Dec 2023:	1300+
Listing price:	NOK 18.00
Highest price 2023:	NOK 7.24
Lowest price 2023:	NOK 3.64
Market cap 31 Dec 2023:	NOK 171 397 422
Auditor:	Ernst & Young AS

Contacts

Kristian Tørvold, CEO	+47 970 88 847
Karl Lawenius, CFO	+47 456 33 881

Financial calendar

Event	Date
AGM	7 May 2024
Q1 Report	14 May 2024
Half yearly report	29 August 2024
Q3 Report	7 November 2024
Q4 Report	13 February 2025



Sierra Brava dam, Spain, 250 kWp

Top 20 shareholders

Name	Holding	Stake
DR.ING. BØRGE BJØRNEKLETT AS	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	1 263 281	2.81%
Morgan Stanley & Co. Int. Plc.	1 035 120	2.30%
OPULENS INVEST AS	1 000 000	2.22%
Bank Pictet & Cie (Europe) AG	921 725	2.05%
UBS AG LONDON BRANCH	666 000	1.48%
CLEARSTREAM BANKING S.A.	557 948	1.24%
CAABY AS	535 700	1.19%
NORDNET LIVSFORSIKRING AS	411 969	0.92%
Bkraft Holding AS	400 000	0.89%
Saxo Bank A/S	359 484	0.80%
The Bank of New York Mellon SA/NV	293 000	0.65%
Nordnet Bank AB	243 083	0.54%
SVEUM BJORN	202 100	0.45%
GREEN TUNDRA AS	201 900	0.45%
Subtotal top 20 shareholders	39 804 764	88.48%
Other	5 181 436	11.52%
Total	44 986 200	100.00%

As at 31 December 2023

Management



KRISTIAN TØRVOLD

CEO

Kristian brings over 15 years of valuable experience in manufacturing, energy and offshore industries in Europe and Asia. His past focus on building and scaling startups aligns seamlessly with our vision for Ocean Sun's global prominence.

- Master of Science in Finance & Economics, Fudan University
- No. of shares: 202,900
- No. of share options: 116,618



KARL LAWENIUS

CFO

10 years of experience from working with M&A and business development related to growth companies on consulting and corporate level.

- Master of Science in Industrial Engineering, Chalmers
- No. of shares: 201,900
- No. of share options: 116,277



ALEXANDER TELJE

CCO

15+ years of executive experience including as General Manager of British American Tobacco in Norway and as Director of Memetor.

- MBA in Management & Organisation, USC.
- No. of shares: 85,000
- No. of share options: 116,277



ARE GLØERSEN

Director SE Asia

10+ years of experience from the solar industry as part of REC Solar. 5+ years of executive experience in SE Asia, including Director of Tronrud Engineering and CEO of Commlight.

- Master of Science in Astronautical Engineering, Nord University.
- No. of shares: 201,900
- No. of share options: 130,758



IVAR BLEKASTAD

COO

15+ years of operational and executive experience from the PV industry and in-depth knowledge of the entire value chain through positions in Norwegian Crystals, REC Solar and Norsk Hydro.

- Master of Science in Reliability and Risk Analysis, University of Stavanger.
- No. of share options: 115,061

Board of Directors



MAY KRISTIN SALBERG

Chairperson

Strategic and operational management experience from the food industry, IT and the transportation industry. Skilled in organisational and business process development in addition to ISO-standards related to the environment, information security and quality management. Previous board positions as chairperson and board member in both professional companies and non-profit organisations.

- No. of shares: 10,113



BRIAN GLOVER

Board member

Specialised in sustainable investment and has a history as project manager for renewable power supply in hydropower, wind, and solar PV. Founded multiple successful small businesses. Many years of experience from the boards of Norwegian companies in consulting and investment.

- No. of shares: 400,000



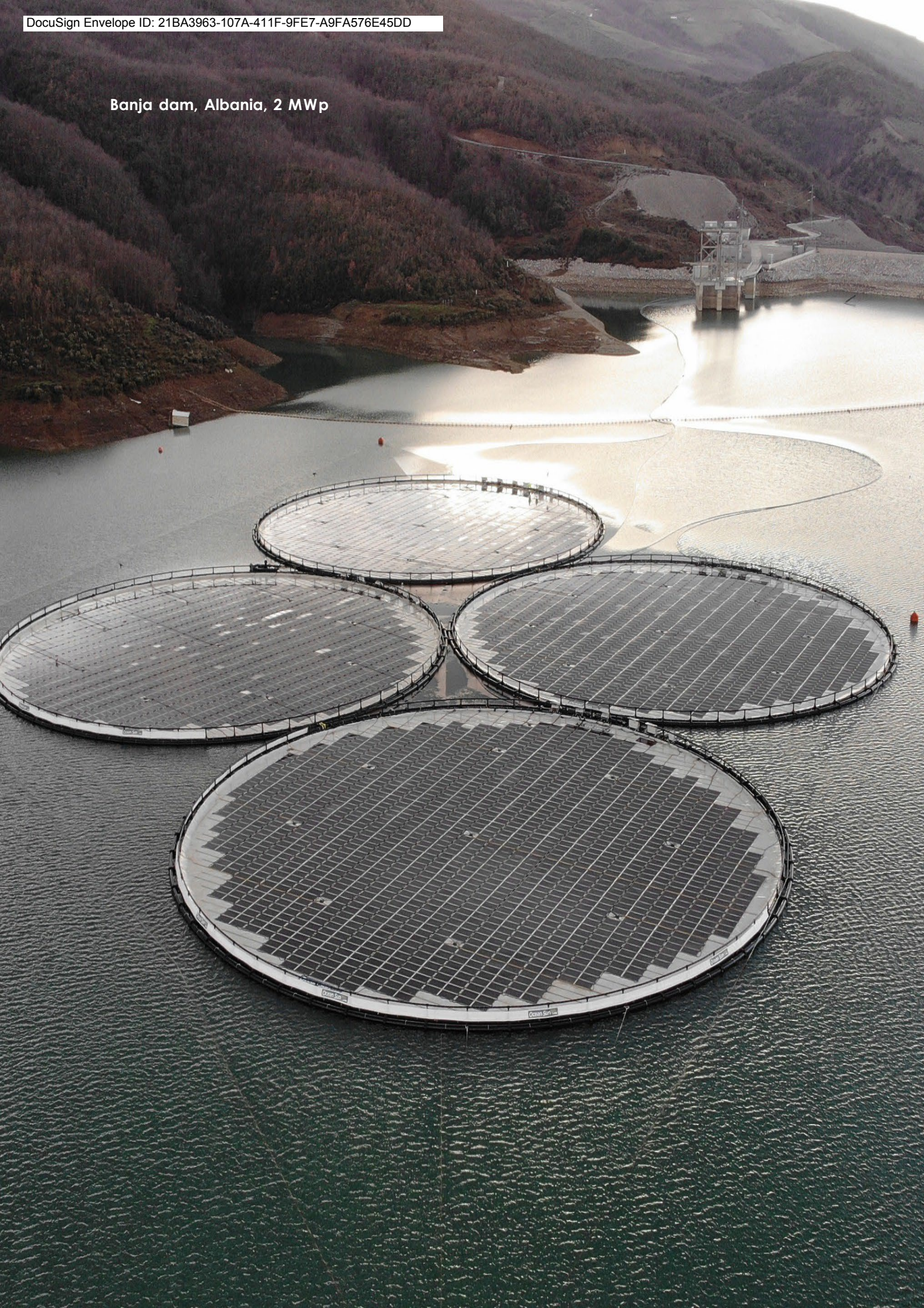
KRISTIN ÅBYHOLM

Board member

15+ years of experience from IT-tech companies. At Confrimit ASA she worked with global 500 brands, working at the Oslo, London and San Francisco offices. Then working for Cicero Consulting, she helped create platforms and solutions for the Norwegian financial industry. Experienced board executive. MSc in Computer Science from NTNU, and Executive Master of Management from BI.

- No. of shares: 12,000 Representing Kvantia (8,126,888) and Caaby (585,700 of which 50,000 are lent out)

Banja dam, Albania, 2 MWp



Board of Directors report

Ocean Sun is a technology provider, offering its customers access to its proprietary technology along with engineering and design services to help them utilize it. For this, Ocean Sun charges a licence fee per Watt peak installed. This business model focuses on leveraging Ocean Sun's key strength, the technology, while simultaneously opening for competent partners to carry out project development, procurement and construction. The company continues to receive positive feedback on this revenue model from potential customers working with larger projects. However, to realise demonstrator projects and smaller systems that are important to further increase our track record, the company occasionally considers alternative revenue models. The successful delivery of the Acciona projects is a good indication that the alternative models are possible for demonstrators.

The appointment of Kristian Tørvold as the new CEO marks a strategic move for Ocean Sun. Kristian's leadership in establishing and growing our North-East Asia office, coupled with a deep understanding of the important Asian market, positions us for continued growth. His past focus on building and scaling startups aligns well with Ocean Sun's vision of becoming a world leading technology provider of floating solar. Under Kristian, Ocean Sun will work with a more defined and focused strategy. Key parts of this strategy are employee empowerment and an increased focus on targeted pipeline growth, primarily within the reservoir market segment.

Financial results

Ocean Sun's revenue in 2023 totalled NOK 3.1 million (NOK 3.7 million). Of this, NOK 0.2 million relates to licence fees for an initial delivery to the Keppel project in Singapore. NOK 1.0 million relates to service

and engineering fees from multiple customers, and NOK 2.0 million relates to revenue from a turnkey EPC (engineering, procurement and construction) contract in Spain. Revenue from this contract is recognised based on percentage of completion. Construction work started in March 2024 and was completed in the beginning of April the same year. Total recognised contributions from research grants amounted to NOK 13.7 million (NOK 6.6 million). Of this, NOK 8.2 million relates to the Horizon 2020 project BOOST and includes compensation for material costs related to the construction of the demonstrator in La Palma. NOK 2.2 million and NOK 2.6 million relate to the Green Platform project HydroSun and grant from the Research Council of Norway, respectively.

The Group posted an operating loss of NOK 21.8 million in 2023 (NOK -19.4 million). This includes a non-recurring cost of approx. NOK 1.3 million for legal fees related to the settlement of a patent infringement case.

Ocean Sun reported a net financial income of NOK 3.1 million in 2023 (NOK 1.2 million), mainly relating to interest income from cash and cash equivalents and foreign exchange gains. Net cash flow for the year came in at NOK -16.2 million (NOK -14.2 million). This is primarily attributable to the period's operating loss, which was slightly offset by a positive effect on the working capital.

Cash and cash equivalents amounted to NOK 46.7 million as at 31 December 2023, of which NOK 2.0 million were restricted funds. The equity ratio was 85.5 per cent and the company had no interest-bearing debt. With this cash position Ocean Sun has sufficient funds to continue its operation in the coming years even in case of limited revenue and continued deficits.

The deficit for 2023 has been allocated to the share premium reserve.

Completed projects

Our full-scale demonstrators for Statkraft in Albania (2 MWp) and SNAP/Scatec in the Philippines (250 kWp) are important installations as they serve as excellent demonstrators of our technology. Continuous operating data from the two systems also helps Ocean Sun to improve O&M procedures and validate the long-term performance of the solution.

Ongoing active projects

During the second half of 2023 Ocean Sun worked intensely with the planning and sourcing for a 250 kWp demonstrator in Spain delivered on a turn-key basis. The system was built for ACCIONA, a global leader in sustainable infrastructure and renewable energy, as part of their testbed for floating solar. At the site, ACCIONA will test the solution in a real environment and acquire the necessary knowledge in construction, operation, maintenance, and environmental monitoring to scale up to commercial application. As such, this project has been an excellent platform to deepen our relationship with a major international customer.

The BOOST offshore floating solar demonstrator at La Palma was constructed during November and December 2023 and marked the final milestone in a comprehensive three-year R&D project supported by Horizon 2020 focusing on developing a system for exposed sea states. The system was structurally completed and formally opened in December with local dignitaries in attendance. However, electrical completion and commissioning of the system was still pending delivery of components for the land-based connection. During the time that the system was unconnected, damage occurred to parts of the panels and the membrane, and it was decided to remove all panels and conduct a root-cause investigation. This investigation has now been completed and Ocean Sun has

identified the necessary design updates to re-launch the floater. This work will continue during Q2 2024 with the ambition to commission the installation during the second half of 2024. Once completed, the system will be ideal for further development and verification of a commercial offering for exposed nearshore and coastal locations, opening new markets for the deployment of floating solar. In the meantime, Ocean Sun continues to have strong technology for the main markets on lakes, reservoirs and partly sheltered coastal installations.

Backlog

Ocean Sun currently has three projects totalling 6.7 MWp in the backlog. All these projects have signed licence agreements and are partly paid. However, construction continues to drag out in time due to problems outside of Ocean Sun's control such as permits, grid connection and power sales agreements. Although delays are normal for renewable energy development, going forward, Ocean Sun will have a more dedicated focus on increasing the backlog to be less dependent on single projects delays.

Engineering and feasibility studies

Engineering and site optimised designs are an integral part of an Ocean Sun delivery and for many projects a key milestone in the sales process. Before each project, Ocean Sun prepares a feasibility study and a detailed design for the site. This is either covered by the licence agreement or sold as a separate prefeasibility study, to frontload cash flows and stress test customer interest. During 2023, Ocean Sun worked on many such prefeasibility reports and, in the last quarter, delivered four reports to important potential developers in Europe, the Middle East and Asia.

Organisation and working environment

On 15 February 2024, Kristian Tørvold was promoted to CEO effective immediately, replacing Ocean Sun's founder Børge Bjørneklett, who left the company. No one is better positioned than Kristian Tørvold to lead the company in scaling up, and although he has only been in the position for two months, he has already set clear objectives and a more defined operating strategy for the company in the coming years.

In the opinion of the Board of Directors, the company's working environment is good. The company had no work-related injuries in 2023.

The number of full-time equivalents (FTEs) in the Group increased to 14 (13) during 2023. Of these, 12 are men and two are women. The Board consists of three members, two women and one man.

Going concern

The renewable energy transition and year-on-year records for solar deployment provides a positive macro environment for Ocean Sun to continue its scale-up. Although Ocean Sun is currently presenting negative operating results and will most likely continue to do so during 2024, there is strong interest in the technology. The company also has a strong and sound liquidity position to finance further operations in 2024 and 2025, even with minimal revenue contribution.

In view of this financial position, the Board confirms the going concern assumption and that the 2023 financial statements have been prepared based on the assumption of a going concern.

Corporate governance

Ocean Sun's corporate governance policy exists to ensure an appropriate division of roles among the company's owners, Board of Directors, and executive management. An appropriate division of responsibilities and satisfactory internal controls will contribute to the greatest possible value creation over time, to the benefit of shareholders and other stakeholders.

The governance policy sets the framework for how we manage our company. We set the highest standard for honesty, integrity and compliance and Ocean Sun has defined and documented the key processes in our business. Although we are not formally certified, we comply with the central elements of ISO certifications by having documented processes, fostering continuous development and facilitating reporting and follow-up procedures for deviations, accidents and improvements.

Based on the relatively simple business model and the company's small staff, the Board believes that adequate steps have been taken to mitigate the internal control risk. Good corporate governance, that is, proper Board conduct and company management, are key to Ocean Sun's efforts to build and maintain trust. Ocean Sun has compared the corporate governance requirements and recommendations for companies listed on Euronext Growth and are similar in size to Ocean Sun, with the company's own corporate governance procedures and practice. The findings show that Ocean Sun complies with these requirements and recommendations.

The company's Board is elected at the company's annual shareholders' meeting for a term of one year.

Corporate Social Responsibility (CSR)

At Ocean Sun, our CSR policy defines corporate social responsibility as achieving commercial profitability in a way that is consistent with fundamental ethical values and with respect for individuals, the environment and society. Our work with CSR, reflects all elements within ESG and helps us make sustainable and responsible choices throughout the value chain. The main pledges of our ESG work are:

Governance: We set the highest standard for honesty, integrity and compliance

HSE: We have zero-tolerance for injuries on humans and damage to the environment.

Environmentally responsible: We develop sustainable solutions in harmony with nature.

Human rights and equality: We ensure that all employees are treated with respect and have proper working conditions.

During 2023, Ocean Sun compiled an ESG review, which was published on the company's web page. In addition, we have compiled a report according to the Norwegian transparency Act.

Environmental commitment

Ocean Sun was founded on the concept of being a bold solution to our global energy needs and this concept is still deeply vested in everything we do. Ultimately, we are an enabler of the increased adoption of renewable energy.

The concept of floating solar has several inherent environmental benefits as it allows for

renewable energy production with low interference with agriculture and forestry minimizing the environmental footprint. In many places, it also provides the only affordable alternative to fossil power plants, thereby reducing greenhouse gas emissions. As indicated by the illustration on pages 7 and 8, there are many environmental benefits with an Ocean Sun installation.

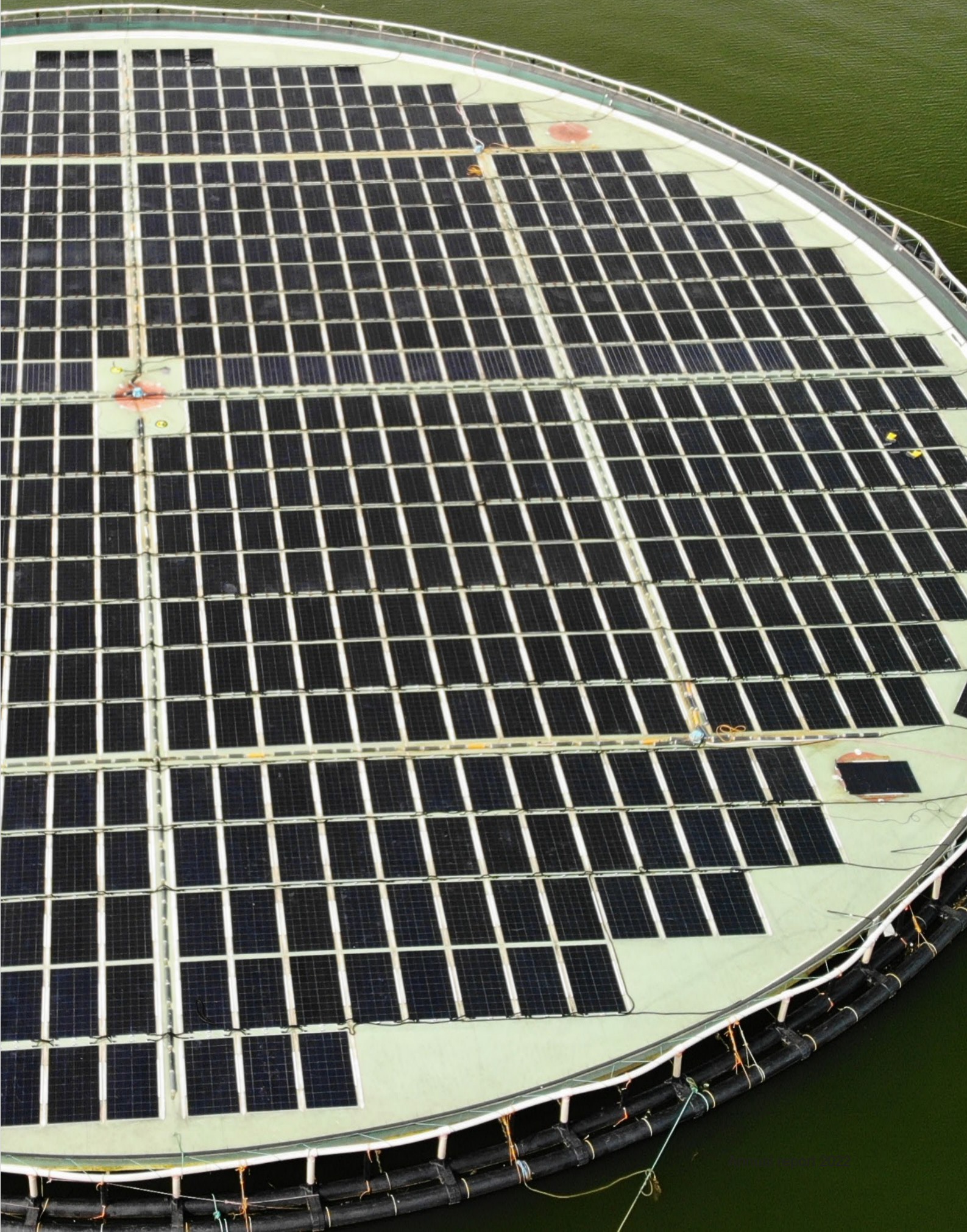
As we continue to develop our system, we always have the environmental aspect in mind, giving careful consideration to reducing the climate impact of our design. We consider the full life cycle of all the materials we use and examine the possibility of using recycled or reused material.

Directors and officers liability insurance

The company has international insurance policy for its directors and executives.



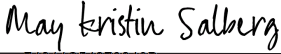
Magat Dam, Philippines, 250 kWp



Responsibility Statement


The Board of Directors has considered and approved the consolidated financial statements of Ocean Sun AS (“the Company”) for the full year ending 31 December 2023. We confirm that, to the best of our knowledge, the financial statements for the period have been prepared in accordance with applicable accounting standards and give a true and fair view of the Company’s assets, liabilities, financial position and profit and loss, and that the directors’ report includes a fair review of the development and performance of the business and the position of the company as a whole, together with a description of the principal risks and uncertainties facing the company.

Lysaker, 18 April 2024

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May Kristin Salberg
Chairperson of the Board

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Brian Glover
Board member

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Kristin Abyholm
Board member

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Kristian Tørvold
CEO



Group Financials

- Income statement
- Balance sheet
- Cash flow statement
- Accounting principles
- Notes

Income Statement

Consolidated financials
All figures in NOK'000

	Note	2023	2022
Income			
Revenue	2	3 153	3 767
Other income	2	13 673	6 613
Total operating income		16 827	10 380
Operating expenses			
Raw materials and consumables used		(5 732)	(402)
Employee cost	3	(20 735)	(17 511)
Depreciation		(13)	(18)
Other Operating expenses	4,5	(12 115)	(11 842)
Total operating expenses		(38 595)	(29 773)
Operating result		(21 768)	(19 393)
Financial income			
Interest income	6	2 150	967
Other financial income	6	1 275	489
Total financial income		3 425	1 456
Financial expenses			
Interest expenses	6	(11)	(5)
Other financial expenses	6	(307)	(210)
Total financial expenses		(318)	(215)
Net financial items		3 107	1 241
Result before taxes		(18 661)	(18 152)
Taxes	7	(4)	(1)
Result after taxes		(18 665)	(18 153)
Profit/loss attributable to owners of the parent		(18 665)	(18 153)
Total Profit/loss attributable to owners of the parent		(18 665)	(18 153)

Balance sheet

Consolidated financials
All figures in NOK'000


	Note	31.12.23	31.12.22
ASSETS			
Non-current assets			
Tangible non-current assets			
Office equipment		26	19
Total tangible - non current assets		26	19
Total non-current assets		26	19
Current assets			
Receivables			
Accounts receivables	10	944	3 622
Other receivables	10	5 126	4 759
Total receivables		6 069	8 381
Cash and equivalents			
Cash and cash equivalents	11	46 745	62 766
Total cash and equivalents		46 745	62 766
Total current assets		52 815	71 147
Total assets		52 841	71 167

Balance sheet

Consolidated financials
All figures in NOK'000

	Note	31.12.23	31.12.22
EQUITY AND LIABILITIES			
Equity			
Paid in capital			
Share capital	14,15	450	450
Treasury shares	15	(0)	(0)
Share based payment reserves	15,16	933	137
Share premium	15	43 786	62 550
Total paid in capital		45 169	63 137
Retained earnings			
Translation reserves	15	31	23
Accumulated loss	15	(18 774)	(65 496)
Cover uncovered losses	15	18 743	65 473
Total retained earnings		-	-
Total Equity		45 169	63 137
Liabilities			
Non-current liabilities			
Total long-term liabilities		-	-
Current liabilities			
Accounts payables		2 483	760
Taxes and public duties		848	725
Other current liabilities	13	4 341	6 546
Total current liabilities		7 672	8 030
Total liabilities		7 672	8 030
Total Equity and liabilities		52 841	71 166

Lysaker, 18 April 2024

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 May Kristin Salberg
 Chairperson of the Board

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 Brian Glover
 Board member

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 Kristin Abyholm
 Board member

Cash flow statement

Consolidated financials
All figures in NOK'000

	2023	2022
Operating activities		
Result before tax	(18 665)	(18 153)
Depreciations	13	18
Cost of share option program	803	130
Provision for bad debts	-	178
Change in accounts receivables	2 679	(3 800)
Change in other current assets	(368)	6 003
Change in accounts payable	1 724	(1 695)
Change in other current liabilities	(2 267)	3 007
Cash flow from operating activities	(16 081)	(14 313)
Finance		
Change in other financing activities	20	-
Cash flow from financing activities	20	-
Foreign currency effects on cash	39	88
Net cash flow in the period	(16 022)	(14 225)
Cash and cash equiv., start of period	62 766	76 991
Cash and cash equiv., end of period	46 745	62 766

Notes

Note 1 – Accounting principles

Basis for preparations

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles. The financial statements are consolidated and contains the parent entity, Ocean Sun AS as well as the wholly owned subsidiaries: Ocean Sun Systems AS (Norway), Ocean Sun China Co. Ltd (China) and Ocean Sun Pte. Ltd (Singapore). All intercompany transactions have been eliminated for both 2023 and 2022. As a result of rounding differences numbers or percentages may not add up to the total.

Sales revenue

The company's main revenue will be licence fees from technology licensing agreements and service revenues related to design, analysis and training. Revenue from licence fees is recognised on signing of the licence agreement. However, out of precaution, no licence revenue is recognized until there is full visibility that the project will be executed. Services are recognised as revenue as they are provided. In the case of any sales of goods, the revenue is recognised at the time of delivery. For turnkey projects revenue is recognised based on guidelines in NRS 2, where revenue is recognized on an ongoing basis based on percent of completion of the underlying contract.

Raw materials and consumables

The company occasionally buy material for specific projects, based on agreements with customers, either for re-sale or as part of turnkey deliveries.

Classification and assessment of balance sheet items

Current assets and current liabilities comprise items related to the ongoing business and development projects. For items other than accounts receivable, items that fall due within one year of the transaction date are included. Fixed assets are assets intended for permanent ownership and use. Current assets are valued at the lower of cost and fair value. Short-term debt is recognised in the balance sheet at the nominal amount at the time of establishment.

Fixed assets are valued at cost. Fixed assets are depreciated according to a reasonable depreciation plan. Fixed assets are written down to fair value in the event of impairment that is not expected to be temporary.

Receivables

Accounts receivable and other receivables are stated in the balance sheet at nominal value less provisions for expected losses. Provisions for losses are made on the basis of individual assessments of the individual receivables.

Fixed assets

Tangible fixed assets are capitalized and depreciated over the useful life of the fixed assets if they have assumed a useful life of more than 3 years and have a cost price exceeding NOK 15,000. Direct maintenance of fixed assets is expensed under operating costs on an ongoing basis, while costs or improvements are added to the cost of the fixed asset and depreciated in line with the fixed asset.

Shares in subsidiaries

Shares in subsidiaries are fully eliminated in the Group accounts.

Cash flow statement

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term, liquid investments.

Note 1 – Accounting principles, continued

Government grants

Government grants are accounted for when there is reasonable assurance that the company will meet the conditions associated with the grants, and the grants will be received. For the operating grant, the grant is recognised in the income statement at the same time as, and is classified as, the income it is to increase. The company spends significant resources on R&D activities related to developing its novel technology. For such activities, the company partly relies on grants, which is why such grants are recognised on a gross basis. The recognition of government grants is based on the principle of Percentage of Completion (PoC) on estimated cost to complete and presented as Other Income.

In addition, the following accounting principles have been applied:

Deposits in foreign currency are valued at the exchange rate at the end of the financial year and the cost method is used for investments in subsidiaries. Own expenses for research and development and for the development of rights are expensed.

Share-based payments

Employees of the company receive remuneration in the form of share-based options, whereby employees render services as consideration for equity instruments. This programme is measured at fair value at the date of the grant. The fair value at the grant date is expensed over the vesting period, based on the company's estimate of the shares that will eventually vest, adjusted for the effect of non-market-based vesting conditions. The fair value share-based program is measured using the Black-Scholes pricing model and is expensed to employee costs over the vesting period. The expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

Tax

The tax expense in the income statement includes both the tax payable for the period and the change in deferred tax. Deferred tax is calculated at 22 per cent on the basis of the temporary differences that exist between accounting and tax values. Tax-increasing and tax-reducing temporary differences that reverse or can reverse in the same period are offset and the tax effect is calculated on the net basis.

Note 2 – Operating income

	2023	2022
Revenue		
Licence revenue	167	2 816
Service and engineering revenue	1 027	518
Turnkey projects	1 959	-
Product sales	-	433
Subtotal Revenue	3 153	3 767
Other income		
Grants from EU (BOOST Project)	8 196	53
Grants from Innovation Norway (Green Platform)	2 229	4 318
Grants from the Research Council of Norway (SkatteFunn + IPN)	2 695	2 230
Other	553	12
Subtotal other income	13 673	6 613
Total operating income	16 827	10 380

Note 2 – Operating income (continued)

	2023	2022
Geographical spread of revenue		
Europe, Middle East and Africa (EMA)	2 451	2 687
North East Asia (incl China)	72	725
South East Asia	630	355
Total revenue	3 153	3 767

Note 3 – Remuneration

	2023	2022
Salary and personnel cost		
Salary	17 120	15 082
Employer's contribution	2 081	1 554
Pension	611	607
Recognized cost for share option scheme	614	67
Other related benefits	308	201
Total Salary and personnel cost	20 735	17 511

Ocean Sun AS pension scheme is 4 % of annual salary up to 7.1 G (G was NOK 118 620 from 01.05.2023) and 10% of salary between 7.1 G and 12 G

	2023	2022
Full- time equivalents		
Ocean Sun AS	11	9
Subsidiaries	3	4
Total	14	13

	Salary	Pension	Other remuneration
Remuneration for CEO			
Børge Bjørneklett	1 967	90	-
Remuneration for board members			
Thomas Julius Moe Børseth (Chairperson)*	190	-	-
Brian James Glover (Board member)	135	-	-
Kristin Åbyholm (Board member)	135	-	-
Anne Vera Skrivarhaug (Board member)*	135	-	-
May Kristin Salberg (Board member/Chairperson)* **	135	-	132
Total remuneration for board members	730	-	132

* May Kristin Salberg replaced Thomas Julius Moe Børseth as chairperson of the board following Mr. Børseth's resignation on 09.10.2023. Anne Vera Skrivahaug left the board following the annual general meeting in May 2023.

** May Kristin Salberg has delivered consultancy services amounting to NOK 115 thousand plus travel expenses in relation to facilitating the Company's work with updated business processes.

Board remuneration represents what has been paid out during 2023. The remuneration for the period from the annual general meeting in 2023 to the annual general meeting in 2024 was set to NOK 195,000 for the chair and NOK 134,000 for board members on the annual general meeting in 2023.

Note 4 – Remuneration to Auditor

The company had the following costs (excluding VAT) related to auditor Ernst & Young AS

	2023	2022
Auditor's fee Ocean Sun AS		
Audit services	335	315
Other attestation services	109	65
Other services	-	-
Total auditor's fee Ocean Sun AS	444	380

Note 5 – Other operating expenses

Expense type	2023	2022
Consultants, testing and patents	6 286	5 748
Facility cost, IT, etc	1 686	1 521
Legal, auditors, accounting, etc	1 487	1 183
Interim CFO	-	1 288
Provisions for bad debt	-	178
Materials for development and testing	-	165
Other	2 655	1 758
Total Other Operating Expenses	12 115	11 842

Note 6 – Financial items

	2023	2022
Finance income		
Interest income	2 150	967
Agio	1 275	489
Total finance income	3 425	1 456
Finance expenses		
Interest Expenses	(11)	(5)
Disagio	(307)	(210)
Total finance expenses	(318)	(215)

Note 7 – Taxes

	2023	2022
Ocean Sun AS		
This year's loss	(18 419)	(18 134)
+/- Permanent differences	16	29
+/- This years change in temporary differences	(171)	196
Tax base of the year	(18 574)	(17 909)
Tax expenses in the income statement	-	-
Tax payable in the balance sheet	-	-
Ocean China		
Ocean Sun China Comp. Ltd., Tax expenses in the income statement	(4)	(1)

	31.12.2023	31.12.2022	Change
Temporary differences			
Fixed assets	12	19	7
Current assets	-	(178)	(178)
Loss carried forward	(95 288)	(75 785)	19 503
Net temporary differences	(95 276)	(75 943)	19 333
Loss carried forward (not recognised as DTA)	95 276	75 943	(19 333)
Total temporary differences	-	-	-
Deferred tax assets 31.12.2022 based on 22% tax rate	-	-	-

The Group has NOK 95.3 million (2022: NOK 75.9 million) of tax losses carried forward. These losses relate to a history of losses, do not expire, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward. Deferred tax assets related to losses carried forward can be recognized when there is convincing evidence of future usage.

Note 8 – Subsidiaries

Company name	Office	Share	Equity	Net profit
Ocean Sun Systems AS	Norway	100%	11	2
Ocean Sun China Co. Ltd China	China	100%	127	(248)
Ocean Sun Pte. Ltd Singapore*	Singapore	100%	75	(69)

*Ocean Sun Pte. Ltd is owned 100 % by Ocean Sun Systems AS.

Note 9 – Transactions with related parties

	Type	Amount	Net profit
Invoices to Ocean Sun AS, from:			
Salberg MASA	Related party	132	n.a

Salberg MASA is a sole proprietorship of Chairperson of the Board May Kristin Salberg. Please refer to note 3 remuneration for more information regarding these transactions.

Note 10 – Accounts receivables and other receivables

	31.12.23	31.12.22
Accounts receivables		
Customer receivables	446	1 180
BOOST project receivables	479	-
Statkraft material	19	2 620
Provisions for bad debt	-	(178)
Total accounts receivables	944	3 622
Other Receivables		
Material for projects	2 027	380
Accrued income contribution projects	2 464	3 303
VAT	-	251
Other	635	825
Total	5 126	4 759

Note 11 – Cash and cash equivalents

	31.12.23	31.12.22
Restricted cash*	860	860
Bank Guarantee **	1 158	234
Cash	44 727	61 673
Total cash and equivalents	46 745	62 766

*Restricted cash is reserved withholding tax related to employees

** Bank guarantee for Statkraft Albania project, expanded in 2023 following completion of three additional floaters, amounting to 100 thousand Euro.

Note 12 – Patents and trademarks

Ocean Sun AS has put considerable effort into patenting its key technology. The patent portfolio currently consist of more than 150 patent applications for four patent families with applications in 51 countries/patent organisations. The main patent has already been accepted in several key states including the US, United Kingdom, China, India, European Patent Organization (EPO) and Norway.

Ocean Sun has also filed for Design registration and Trademark Registration in selected countries.

Note 13 – Other current liabilities

	31.12.23	31.12.22
Prepayments from customers	1 262	-
Prepayment BOOST Project	989	4 638
Holiday allowance	1 108	828
Employer's contribution*	-	399
Employee bonuses	-	171
Other	983	509
Total Other payables	4 341	6 546

*Included as taxes and public duties payable per 31.12.2023

Note 14 – Share capital and shareholders information

Number of shares

Ocean Sun AS

Share capital	44 986 200
Ocean Sun AS stock of treasury shares pr. 31.12.2023	30 000
Nominal value per share	0,01

Shareholders pr 31.12.2023

	Holdings	Ownership %	Voting rights %
Dr. Ing. Børge Bjørneklett AS	9 242 500	21%	21%
KVANTIA AS	8 126 888	18%	18%
PROGRESSI AS	6 326 100	14%	14%
UMOE AS	4 000 000	9%	9%
MP PENSJON PK	2 017 966	4%	4%
Citibank Europe plc	2 000 000	4%	4%
Sauar Invest AS	1 263 281	3%	3%
Morgan Stanley & Co. Int. Plc.	1 035 120	2%	2%
Opulens Invest AS	1 000 000	2%	2%
Bank Pictet & Cie (Europe) S.A.	921 725	2%	2%
Other	9 052 620	20%	20%
Total	44 986 200	100%	100%

Note 15 – Equity

	Share capital	Own shares	Share payment premium	Share based reserves	Uncovered losses	Total
At 1 January 2023	450	(0)	62 550	137	-	63 137
Profit/Loss for the period	-	-	(18 665)	-	-	(18 665)
Share option program	-	-	-	803	-	803
Currency translation differences	-	-	(99)	(7)	-	(106)
At 31 December 2023	450	(0)	43 786	933	-	45 169

Note 16 – Share based payments

Share-based compensation benefits are provided to employees through the Long-term incentive program approved by the extraordinary general meeting held on the 11th of October 2021.

Equity-settled, share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the grant date. The fair value is expensed over the vesting period as an employee benefit expense, with a corresponding increase in equity. The vesting period is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of options that are expected to vest, based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The fair value at the grant date is determined using the Black-Scholes-Merton option pricing model, which takes into account the exercise price, the life of the option, the current price of the underlying shares, the expected volatility of the share price, any dividends expected on the shares and risk-free interest rate for the life of the option. The expected share price volatility is based on historical volatility for a selection of comparable listed companies. The risk-free interest rate is based on zero-coupon government bonds with a term equal to the expected term of the option being valued.

Social security contributions payable in connection with an option grant are considered an integral part of the grant itself. The charges are treated as cash settled, share-based payments and re-measured at each reporting date.

Total costs and Social Security Provisions

	2023
Cost of share option program	803 210
Total Social security provisions 2022	-

Granted instruments 2023

Instrument	Option
Quantity 31.12.2023 (instruments)	763 334
Quantity 31.12.2023 (potential shares)	763 334
Contractual life*	5.00
Strike price*	6.83
Share price*	6.20
Expected lifetime*	3.60
Volatility*	51.16%
Interest rate*	3.15%
Dividend*	-
FV per instrument*	2.33

*Weighted average parameters at grant of instrument

Note 16 – Share based payments (continued)

Outstanding instruments Year End (Options)

Quantity and weighted average prices

	Number of instruments	Weighted Average Strike Price
	<i>01.01.2023 - 31.12.2023</i>	
Outstanding OB (01.01.2023)	246 714	11.56
Granted	763 334	6.83
Exercised	-	-
Released	-	-
Adjusted	-	-
Performance Adjusted	-	-
Cancelled	-	-
Terminated	-	-
Expired	-	-
Outstanding CB (31.12.2023)	1 010 048	7.99
Vested CB	18 083	15.20

Outstanding Instruments Overview

	<i>Outstanding Instruments</i>			<i>Vested Instruments</i>	
Strike price	Number of instruments	Weighted Average remaining contractual life	Weighted Average Strike Price	Vested instruments 31.12.2023	Weighted Average Strike Price
6.83	763 334	4.36	6.83	-	-
10.43	186 465	3.86	10.43	-	-
14.60	15 040	3.36	14.60	-	-
15.20	45 209	2.96	15.20	18 083	15.20
Total	1 010 048			18 083	

Note 17 – Subsequent events

February 2024

Ocean Sun announces a transfer of leadership, where the Director for North-East Asia, Kristian Tørvold is appointed to the role of CEO of Ocean Sun, while the former CEO and founder, Børge Bjørneklett, leaves the company.



Parent Company Financials

- Income statement
- Balance sheet
- Cash flow statement
- Accounting principles
- Notes

Income statement

Parent company financials
All figures in NOK'000

	Note	2023	2022
Income			
Revenue	2	3 081	3 659
Other income	2	13 664	6 610
Total operating income		16 745	10 269
Operating expenses			
Raw materials and consumables used		(5 749)	(402)
Employee cost	3	(16 013)	(12 970)
Depreciation		(13)	(18)
Other Operating expenses	4,5	(16 420)	(16 147)
Total operating expenses		(38 195)	(29 538)
Operating result		(21 450)	(19 269)
Financial income			
Interest income	6	2 129	966
Other financial income	6	1 195	370
Total financial income		3 324	1 337
Financial expenses			
Interest expenses	6	(11)	(5)
Other financial expenses	6	(282)	(197)
Total financial expenses		(293)	(202)
Net financial items		3 031	1 135
Result before taxes		(18 419)	(18 134)
Taxes	7	-	-
Result after taxes		(18 419)	(18 134)
Transferred to share premium		(18 419)	(18 134)
Total transfers and allocations		(18 419)	(18 134)

Balance sheet

Parent company financials
All figures in NOK'000

	Note	31.12.23	31.12.22
ASSETS			
Non-current assets			
Tangible non-current assets			
Office equipment		26	19
Total tangible - non current assets		26	19
Other non-current assets			
Investments in Subsidiaries	8	280	280
Total other non-current assets		280	280
Total non-current assets		306	299
Current assets			
Receivables			
Accounts receivables	11	874	3 608
Other receivables	11	5 044	4 641
Total receivables		5 917	8 250
Cash and equivalents			
Cash and cash equivalents	12	46 559	62 509
Total cash and equivalents		46 559	62 509
Total current assets		52 478	70 758
Total assets		52 784	71 058

Balance sheet

Parent company financials
All figures in NOK'000

	Note	31.12.23	31.12.22
EQUITY AND LIABILITIES			
Equity			
Paid in capital			
Share capital	15,16	450	450
Treasury shares	16	(0)	(0)
Share based payment reserves	16, 17	689	74
Share premium	16	44 055	62 474
Total paid in capital		45 193	62 998
Retained earnings			
Accumulated loss	16	(18 419)	(65 549)
Cover uncovered losses	16	18 419	65 549
Total retained earnings		-	-
Total Equity		45 193	62 999
Liabilities			
Non-current liabilities			
Other long term liabilities		-	-
Total long-term liabilities		-	-
Current liabilities			
Accounts payables		2 860	1 004
Taxes and public duties		742	534
Other current liabilities	14	3 989	6 522
Total current liabilities		7 591	8 060
Total liabilities		7 591	8 060
Total Equity and liabilities		52 784	71 058

Cash flow statement

Parent company financials
All figures in NOK'000

	2023	2022
Operating activities		
Result before tax	(18 419)	(18 134)
Depreciations	13	18
Cost of share option program	614	67
Provision for bad debts	-	178
Change in accounts receivables	2 734	(3 786)
Change in other current assets	(403)	6 039
Change in accounts payable	1 855	(1 574)
Change in other current liabilities	(2 365)	3 172
Cash flow from operating activities	(15 970)	(14 020)
Investments		
Change in other financing activities	20	-
Cash flow from investment activities	(15 950)	(14 020)
Net cash flow in the period	(15 950)	(14 020)
Cash and cash equiv., start of period	62 509	76 530
Cash and cash equiv., end of period	46 559	62 509

Notes

Note 1 – Accounting principles

Basis for preparations

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles. The financial statements are consolidated and contains the parent entity, Ocean Sun AS as well as the wholly owned subsidiaries: Ocean Sun Systems AS (Norway), Ocean Sun China Co. Ltd (China) and Ocean Sun Pte. Ltd (Singapore). All intercompany transactions have been eliminated for both 2023 and 2022. As a result of rounding differences numbers or percentages may not add up to the total.

Sales revenue

The company's main revenue will be licence fees from technology licensing agreements and service revenues related to design, analysis and training. Revenue from licence fees is recognised on signing of the licence agreement. However, out of precaution, no licence revenue is recognised until there is full visibility that the project will be executed. Services are recognised as revenue as they are provided. In the case of any sales of goods, the revenue is recognised at the time of delivery. For turnkey projects revenue is recognised based on guidelines in NRS 2, where revenue is recognised on an ongoing basis based on percent of completion of the underlying contract.

Raw materials and consumables

The company occasionally buy material for specific projects, based on agreements with customers, either for re-sale or as part of turnkey deliveries.

Classification and assessment of balance sheet items

Current assets and current liabilities comprise items related to the ongoing business and development projects. For items other than accounts receivable, items that fall due within one year of the transaction date are included. Fixed assets are assets intended for permanent ownership and use. Current assets are valued at the lower of cost and fair value. Short-term debt is recognised in the balance sheet at the nominal amount at the time of establishment.

Fixed assets are valued at cost. Fixed assets are depreciated according to a reasonable depreciation plan. Fixed assets are written down to fair value in the event of impairment that is not expected to be temporary.

Receivables

Accounts receivable and other receivables are stated in the balance sheet at nominal value less provisions for expected losses. Provisions for losses are made on the basis of individual assessments of the individual receivables.

Fixed assets

Tangible fixed assets are capitalised and depreciated over the useful life of the fixed assets if they have assumed a useful life of more than three years and have a cost price exceeding NOK 15,000. Direct maintenance of fixed assets is expensed under operating costs on an ongoing basis, while costs or improvements are added to the cost of the fixed asset and depreciated in line with the fixed asset.

Shares in subsidiaries

Shares in subsidiaries are recognised at face value in the parent company and fully eliminated in the Group accounts.

Cash flow statement

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term, liquid investments.

Note 1 – Accounting principles, continued

Government grants

Government grants are accounted for when there is reasonable assurance that the company will meet the conditions associated with the grants, and the grants will be received. For the operating grant, the grant is recognised in the income statement at the same time as, and is classified as, the income it is to increase. The company spends significant resources on R&D activities related to developing its novel technology. For such activities, the company partly relies on grants, which is why such grants are recognised on a gross basis. The recognition of government grants is based on the principle of Percentage of Completion (PoC) on estimated cost to complete and presented as Other Income.

In addition, the following accounting principles have been applied:

Deposits in foreign currency are valued at the exchange rate at the end of the financial year and the cost method is used for investments in subsidiaries. Own expenses for research and development and for the development of rights are expensed.

Share-based payments

Employees of the company receive remuneration in the form of share-based options, whereby employees render services as consideration for equity instruments. This programme is measured at fair value at the date of the grant. The fair value at the grant date is expensed over the vesting period, based on the company's estimate of the shares that will eventually vest, adjusted for the effect of non-market-based vesting conditions. The fair value share-based program is measured using the Black-Scholes pricing model and is expensed to employee costs over the vesting period. The expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

Tax

The tax expense in the income statement includes both the tax payable for the period and the change in deferred tax. Deferred tax is calculated at 22 per cent on the basis of the temporary differences that exist between accounting and tax values. Tax-increasing and tax-reducing temporary differences that reverse or can reverse in the same period are offset and the tax effect is calculated on the net basis.

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Other	544	9
Subtotal other income	13 664	6 610
Total operating income	16 745	10 269

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North East Asia (incl China)	-	617
South East Asia	630	355
Total revenue	3 081	3 659

Note 3 – Remuneration

	2023	2022
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Recognised cost for share option scheme	614	67
Other related benefits	308	311
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Ocean Sun AS pension scheme is 4 % of annual salary up to 7.1 G (G was NOK 118 620 from 01.05.2023) and 10 % of salary between 7.1 G and 12 G

	2023	2022
Full- time equivalents		
Ocean Sun AS	11	9
Total	11	9

	Salary	Pension	Other remuneration
Remuneration for CEO			
Børge Bjørneklett	1 967	90	-
Remuneration for board members			
Thomas Julius Moe Børseth (Chairperson)*	190	-	-
Brian James Glover (Board member)	135	-	-
Kristin Åbyholm (Board member)	135	-	-
Anne Vera Skrivarhaug (Board member)*	135	-	-
May Kristin Salberg (Board member/Chairperson)* **	135	-	132
Total remuneration for board members	730	-	132

* May Kristin Salberg replaced Thomas Julius Moe Børseth as chairperson of the board following Mr. Børseth's resignation on 09.10.2023. Anne Vera Skrivahaug left the board following the annual general meeting in May 2023.

** May Kristin Salberg has delivered consultancy services amounting to NOK 115 thousand plus travel expenses in relation to facilitating the company's work with updated business processes.

Board remuneration represents what has been paid out during 2023. The remuneration for the period from the annual general meeting in 2023 to the annual general meeting in 2024 was set to NOK 195,000 for the chair and NOK 134,000 for board members on the annual general meeting in 2023.

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The company had the following costs (excluding VAT) related to auditor Ernst & Young AS

	2023	2022
Auditor's fee Ocean Sun AS		
Audit services	335	315
Other attestation services	109	65
Other services	-	-
Total auditor's fee Ocean Sun AS	444	380

Note 5 – Other operating expenses

Expense type	2023	2022
Consultants, testing and patents	6 286	5 748
Cost for subsidiaries	5 025	5 327
Facility cost, IT, etc	1 510	1 246
Legal, auditors, accounting, etc	1 366	1 073
Interim CFO	-	1 288
Provisions for bad debt	-	178
Materials for development and testing	-	7
Other	2 233	1 281
Total Other Operating Expenses	16 420	16 147

Note 6 – Financial items

	2023	2022
Finance income		
Interest income	2 129	966
Agio	1 195	370
Total finance income	3 324	1 337
Finance expenses		
Interest Expenses	(11)	(5)
Disagio	(282)	(197)
Total finance expenses	(293)	(202)

Note 7 – Taxes

	2023	2022
Ocean Sun AS		
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+/- This years change in temporary differences	(171)	196
Tax base of the year	(18 574)	(17 909)
Tax expenses in the income statement	-	-
Tax payable in the balance sheet	-	-
Ocean China		
Ocean Sun China Comp. Ltd., Tax expenses in the income statement	(4)	(1)

	31.12.2023	31.12.2022	Change
Temporary differences			
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Current assets	-	(178)	(178)
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Net temporary differences	(95 276)	(75 943)	19 333
Loss carried forward (not recognised as DTA)	95 276	75 943	(19 333)
Total temporary differences	-	-	-
Deferred tax assets 31.12.2022 based on 22% tax rate	-	-	-

The company has NOK 95.3 million (2022: NOK 75.9 million) of tax losses carried forward. These losses relate to a history of losses, do not expire, and may not be used to offset taxable income elsewhere in the company. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the company has determined that it cannot recognise deferred tax assets on the tax losses carried forward. Deferred tax assets related to losses carried forward can be recognised when there is convincing evidence of future usage.

Note 8 – Subsidiaries

Company name	Office	Share	Equity Net profit	
Ocean Sun Systems AS	Norway	100%	11	2
Ocean Sun China Co. Ltd China	China	100%	127	(248)
Ocean Sun Pte. Ltd Singapore*	Singapore	100%	75	(69)

*Ocean Sun Pte. Ltd is owned 100 % by Ocean Sun Systems AS.

Note 9 – Intercompany balances

Balance 31.12.2023

Ocean Sun AS, debt to:

Ocean Sun Pte. Ltd Singapore	376
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The foreign subsidiaries operate on a cost-plus basis.

Note 10 – Intercompany transactions and transactions with related parties

	Type	Amount	Net profit
Invoices to Ocean Sun AS, from:			
Ocean Sun Systems AS	Intercompany	21	2
Ocean Sun China Co. Ltd	Intercompany	2 660	(248)
Ocean Sun Pte. Ltd	Intercompany	2 344	(69)
Salberg MASA	Related party	132	n.a

Salberg MASA is a sole proprietorship of Board Member May Kristin Salberg. Please refer to note 3 remuneration for more information regarding these transactions.

Note 11 – Accounts receivables and other receivables

	31.12.23	31.12.22
Accounts receivables		
Customer receivables	376	1 165
BOOST project receivables	479	-
Statkraft material	19	2 620
Provisions for bad debt	-	(178)
Total accounts receivables	874	3 608
Other Receivables		
Material for projects	2 027	380
Accrued income contribution projects	2 464	3 303
VAT	-	251
Other	553	707
Total	5 044	4 641

Note 12 – Cash and cash equivalents

	31.12.23	31.12.22
Restricted cash*	860	860
Bank Guarantee **	1 158	234
Cash	44 541	61 416
Total cash and equivalents	46 559	62 509

*Restricted cash is reserved withholding tax related to employees

** Bank guarantee for Statkraft Albania project, expanded in 2023 following completion of three additional floaters, amounting to 100 thousand Euro.

Note 13 – Patents and trademarks

Ocean Sun AS has put considerable effort into patenting its key technology. The patent portfolio currently consist of more than 150 patent applications for four patent families with applications in 51 countries/patent organisations. The main patent has already been accepted in several key states including the US, United Kingdom, China, India, European Patent Organization (EPO) and Norway.

Ocean Sun has also filed for Design registration and Trademark Registration in selected countries.

Note 14 – Other current liabilities

	31.12.23	31.12.22
Prepayments from customers	1 262	-
Prepayment BOOST Project	989	4 638
Holiday allowance	1 108	828
Employers contribution*	-	399
Employee bonuses	-	171
Other	630	485
Total Other payables	3 989	6 522

Note 15 – Share capital and shareholders information

	Number of shares
Ocean Sun AS	
Share capital	44 986 200
Ocean Sun AS stock of treasury shares pr. 31.12.2023	30 000
Nominal value per share	0,01

Shareholders pr 31.12.2023	Holdings	Ownership %	Voting rights %
Dr. Ing. Børge Bjørneklett AS	9 242 500	21%	21%
KVANTIA AS	8 126 888	18%	18%
PROGRESSI AS	6 326 100	14%	14%
UMOE AS	4 000 000	9%	9%
MP PENSJON PK	2 017 966	4%	4%
Citibank Europe plc	2 000 000	4%	4%
Sauar Invest AS	1 263 281	3%	3%
Morgan Stanley & Co. Int. Plc.	1 035 120	2%	2%
Opulens Invest AS	1 000 000	2%	2%
Bank Pictet & Cie (Europe) S.A.	921 725	2%	2%
Other	9 052 620	20%	20%
Total	44 986 200	100%	100%

Note 16 – Equity

	Share capital	Own shares	Share premium	Share based payment reserves	Uncovered losses	Total
At 1 January 2023	450	(0)	62 474	74	-	62 999
Profit/Loss for the period	-	-	(18 419)	-	-	(18 419)
Share option program	-	-	-	614	-	614
Cover uncovered losses	-	-	-	-	-	-
At 31 December 2023	450	(0)	44 055	689	-	45 193

Note 17 – Share based payments

Share-based compensation benefits are provided to employees through the Long-term incentive program approved by the extraordinary general meeting held on 11 October 2021.

Equity-settled, share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the grant date. The fair value is expensed over the vesting period as an employee benefit expense, with a corresponding increase in equity. The vesting period is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of options that are expected to vest, based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The fair value at the grant date is determined using the Black-Scholes-Merton option pricing model, which takes into account the exercise price, the life of the option, the current price of the underlying shares, the expected volatility of the share price, any dividends expected on the shares and risk-free interest rate for the life of the option. The expected share price volatility is based on historical volatility for a selection of comparable listed companies. The risk-free interest rate is based on zero-coupon government bonds with a term equal to the expected term of the option being valued.

Social security contributions payable in connection with an option grant are considered an integral part of the grant itself. The charges are treated as cash settled, share-based payments and re-measured at each reporting date.

Total costs and Social Security Provisions

	2023
Cost of share option program	803 210
Total Social security provisions 2023	-

Granted instruments 2023

Instrument	Option
Quantity 31.12.2023 (instruments)	763 334
Quantity 31.12.2023 (potential shares)	763 334
Contractual life*	5.00
Strike price*	6.83
Share price*	6.20
Expected lifetime*	3.60
Volatility*	51.16%
Interest rate*	3.15%
Dividend*	-
FV per instrument*	2.33

*Weighted average parameters at grant of instrument

Note 17 – Share based payments (continued)

Outstanding instruments Year End (Options)

Quantity and weighted average prices

	Number of instruments	Weighted Average Strike Price
	<i>01.01.2023 - 31.12.2023</i>	
Outstanding OB (01.01.2023)	246 714	11.56
Granted	763 334	6.83
Exercised	-	-
Released	-	-
Adjusted	-	-
Performance Adjusted	-	-
Cancelled	-	-
Terminated	-	-
Expired	-	-
Outstanding CB (31.12.2023)	1 010 048	7.99
Vested CB	18 083	15.20

Outstanding Instruments Overview

	<i>Outstanding Instruments</i>			<i>Vested Instruments</i>	
Strike price	Number of instruments	Weighted Average remaining contractual life	Weighted Average Strike Price	Vested instruments 31.12.2023	Weighted Average Strike Price
6.83	763 334	4.36	6.83	-	-
10.43	186 465	3.86	10.43	-	-
14.60	15 040	3.36	14.60	-	-
15.20	45 209	2.96	15.20	18 083	15.20
Total	1 010 048			18 083	

Note 18 – Subsequent events

February 2024

Ocean Sun announces a transfer of leadership, where the Director for North-East Asia, Kristian Tørvold is appointed to the role of CEO of Ocean Sun, while the former CEO and founder, Børge Bjørneklett, leaves the company.



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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Ocean Sun AS

Opinion

We have audited the financial statements of Ocean Sun AS (the Company), which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company and the Group comprise the balance sheet as at 31 December 2023, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company and the Group as at 31 December 2023 and their financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the CEO) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report contains the information required by legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Oslo, 23 April 2024
ERNST & YOUNG AS

The auditor's report is signed electronically

Thomas Embretsen
State Authorised Public Accountant (Norway)

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"By my signature I confirm all dates and content in this document."

Embretsen, Thomas


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On behalf of: EY

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