

ANNUAL REPORT 2022



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HydroSun project visit. Banja, Albania.



Highlights 2022

MARCH

Ocean Sun and Sunseap to construct milestone near shore floating solar system in Singapore Strait.



APRIL

Statkraft's Banja Floating Solar Plant, based on Ocean Sun's innovative floating technology, restarts commercial operation.

JULY

Ocean Sun and Keppel sign a licence agreement for a 1.5 MWp floating PV project to be deployed near Jurong Island in Singapore.

JULY

Ocean Sun signs a technology licence agreement for a 0.5 MWp offshore pilot in Haiyang, Shandong, China.

SEPTEMBER

Ocean Sun welcomes new COO Ivar Blekastad.



NOVEMBER

The R&D demonstration project with SPIC of 0.5MWp is commissioned.



DECEMBER

The 2 MWp system in Albania is completed with the CoD of three additional floaters.



Key financials

10.4 MNOK
Operating income

-18.2 MNOK
Result

-14.3 MNOK
Net Cashflow

62.8 MNOK
Cash and cash equivalents

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 following 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 by 2030 of installed solar capacity to reach the Net Zero Goals. This would require extensive areas of land, equivalent of almost 15 million football pitches. Therefore, finding suitable deployment space, close to existing grid and energy 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, 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.

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 with FPV

- Land use advantage
- 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.

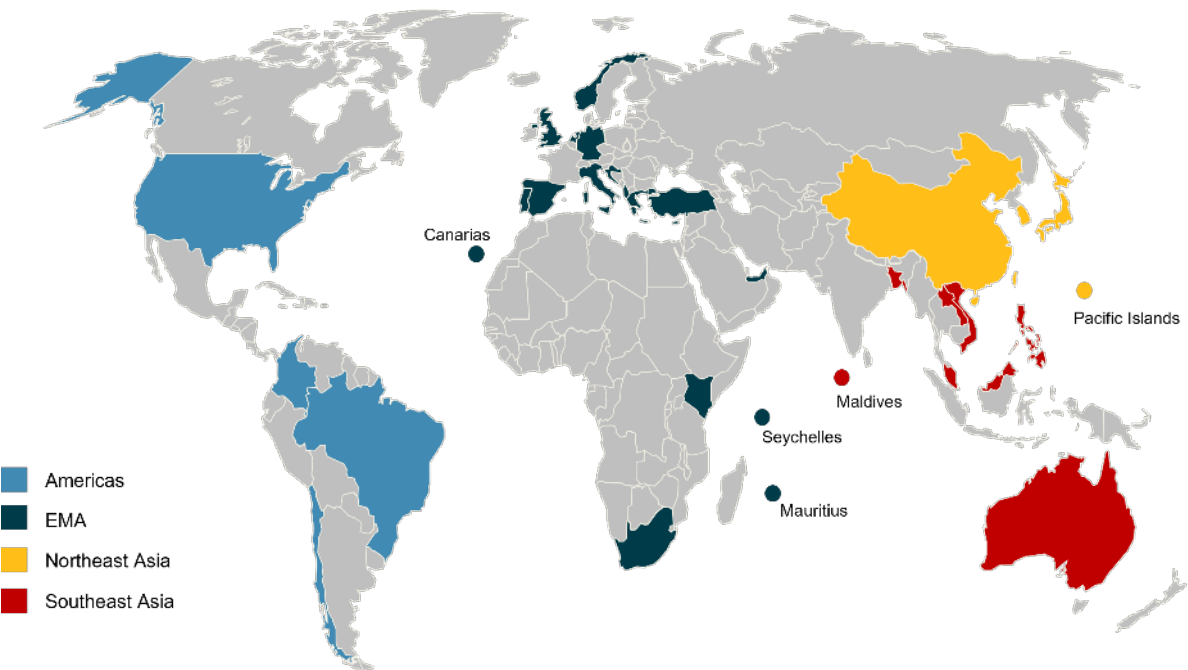
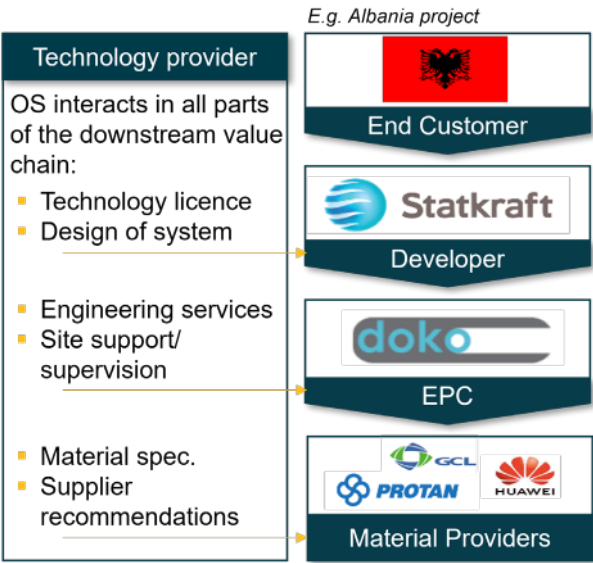
The company’s main revenue comes from licence fees payable per Watt peak installed. This comes in addition to engineering fees.

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

~ 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

~ 285 football pitches



Letter from the CEO

The most significant project for Ocean Sun in 2022 was the completion of the two MWp system in Albania, marking the first multi-ring system with optimum packaging density. With this mooring principle, combined with the ability to walk on the fully supported modules without the need for walkways, we achieve the best power density (MWp/sqm) in the FPV industry.

Ocean Sun also appeared on national TV both in China and Norway, showing the first sea trials for the pilot floaters connected to a wind turbine in Haiyang. This exciting R&D project will see further developments and improvements during 2023.

A new level of maturity

During 2022, important research was conducted at the Magat dam. Walking on the panels and the dynamic motion of waves has raised concerns about microcracking in the cells over time. It was therefore a great milestone when several hundred modules were carefully examined after more than three years in operation. Electroluminescence characterisation tests showed no microcracking of the panels. State-of-the-art finite element modelling conducted at the Institute of Energy Technology in Norway also supports the fact that the stresses on the cells in the module is very low, and significantly lower than stresses generated during testing of conventional panels.

With the demo systems at Magat and Banja performing well, and increasing technical verification with regard to PV performance and structural integrity, Ocean Sun has reached a new level of maturity. For hydropower lakes and coastal locations, the technology risk has reached a comfortable level, while systems for open sea and waves

up to 10 metres in height will still be subject to further refinement and qualification during 2023.

Solid IP foundation

Aside from the extraordinary people at Ocean Sun, our main asset is the intellectual property and the commercial rights to build our special FPV. During 2022, we received several national patents, and we now have 60 registered patents and 45 patent applications. The strength of our patents has also been tested against infringement, a lengthy process, where a settlement based on a licence agreement on regular commercial terms was reached.

A bright outlook

The market for floating solar is primarily limited by national legislation and permits. However, as regulators and the public become more aware of this reliable new source of energy, the market will see exponential growth, and we expect to see the first orders for major commercial power plants in 2023/2024. With our unique and highly competitive technical solution reducing the investment premium of FPV, Ocean Sun is perfectly positioned to contribute to the much-needed electrification of society.

Finally, I wish to thank all Ocean Sun employees for their extraordinary efforts during the last year. On behalf of Ocean Sun,

I also extend my thanks to all partners, clients and shareholders.



Børge Bjørneklett, CEO

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 per share and the price as at 31 December 2022 was NOK 6.05 per share.

The Company has 44,986,200 outstanding shares. The share capital as at 31 December 2022 amounted to NOK 449,862.

Number of shares	44,986,200
Votes	44,986,200
Shareholders 31.12.2022	1400+
Listing price	NOK 18.00
Highest price 2022	NOK 16.2
Lowest price 2022	NOK 6.05
Market cap 31.12.2022	NOK 272,166,510
Auditor	Ernst & Young AS

Financial calendar

AGM	04.05.2023
Q1 report	11.05.2023
Half-year report	23.08.2023
Q3 report	08.11.2023
Q4 report	08.02.2024

Magat Dam, Philippines.



Top 20 shareholders

Name	Holding	Stake
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	1,348,439	3.00%
Morgan Stanley & Co. Int. Plc.	1,021,322	2.27%
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.	411,932	0.92%
Bkraft Holding AS	400,000	0.89%
Saxo Bank A/S	376,945	0.84%
Nordnet Livsforsikring AS	375,473	0.83%
Nordnet Bank AB	281,388	0.63%
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%
Subtotal top 20 shareholders	39,990,812	88.90%
Other	4,995,388	11.10%
Total	44,986,200	100.00%

Management



DR BØRGE BJØRNEKLETT

Founder and CEO

Inventor of the patented solution

20+ years of tech management experience from the automotive, solar and offshore industries, e.g. VP of Technology and Innovation Aker Solutions and Technology Manager at REC Solar.

- Ph.D. Materials Science, NTNU
- No. of shares: 9,444,400



KARL LAWENIUS

CFO

8+ 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



KRISTIAN TØRVOLD

Director NE Asia

10+ years of experience from energy and offshore industries in NE Asia, e.g. as Partner in EntryPoint and Finance Manager at Modex Group.

- Master of Science in Finance & Economics, Fudan University.
- No. of shares: 201,900



ALEXANDER TELJE

CCO

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

- MBA Management & Organisation, USC.
- No. shares: 85,000



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, e.g. as Director of Tronrud Engineering and CEO of Commilight.

- Master of Science in Astronautical Engineering, HiN.
- Number of shares: 201,900



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.

- MSc in Reliability and Risk Analysis from the University of Stavanger.
- No. of share options: 115,061

Board of Directors



THOMAS MOE BØRSETH

Chair

Investment Director in the investment firm Umoe. Primary focus on renewables and clean tech. Prior to joining Umoe in 2013, he was a management consultant at McKinsey & Company from 2006 to 2012. PhD in physics from the University of Oslo and Master of Science in applied physics from INSA Toulouse.

- No. of shares: 11,750
- Representing Umoe (4,000,000)



BRIAN GLOVER

Board member

Specialised in sustainable investment and has a history as Project Manager for renewable power 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



ANNA VERA SKRIVARHAUG

Board member

Experienced leader with solid international experience from the energy sector, she has held management positions in NVE, Statkraft and Equinor. Long experience from different boards both in the private and public sector and is today a board member for the Norwegian Research Council's energy, transport and low emissions portfolio, as well as for Havneeiendom AS.

- No. of shares: 3,183



KRISTIN ÅBYHOLM

Board member

15+ years experience from IT-tech companies, working with global 500 brands. She has several years of board experience - and is currently on the board of 1X, Heroic and Removaid. Kristin has a Master of Science in computer technology from NTNU in Trondheim. She also holds an Executive Master of Management from the Norwegian Business School (BI) in Oslo.

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



MAY KRISTIN SALBERG

Board member

Experienced leader with operational experience from the food industry, the IT industry and the transportation industry. Skilled in ISO standards for the environment, information security and quality management. Also has experience from organisational development and business process improvement. Today, she is CQA & HR at Torghatten AS. She has previously held board positions as chair and board member in both commercial companies and non-profit organisations.

- No. of shares: 10,113

Board of Director's Report

Strategy and revenue model

Ocean Sun has designed and developed a patented and superior technology for floating solar power generation. The company operates as a technology provider, offering its customers access to the technology, along with engineering and design services to help them utilise it.

Ocean Sun's main revenue source is licence fees from project contracts, and the company generated NOK 2.8 million in licence revenue during 2022. During the year, Ocean Sun increased its focus on generating earnings from engineering services, in particular, Front-End Engineering Design (FEED). For 2022, this resulted in NOK 0,5 million in revenue from Engineering services. In addition, upfront payment requests helped us prioritise among potential customers and enabled us to provide better services and estimates to our customers early in the relationship. We expect more revenue from engineering services in general and FEED studies in particular during 2023 as more customer discussions start materialising.

During 2022, Ocean Sun also had revenue from the sale of goods. The material was bought from Ocean Sun's developed supply chain and sold to a customer in China. In this case, the object was to simplify project execution for the licensing customer and margins were small.

In the second half of 2022, Ocean Sun developed a first version of its own proprietary operation and maintenance system. The system, offers real-time monitoring of production and performance and allows for a condition-based maintenance (CBM) routine. It is currently being tested in

our demonstration projects in Albania and the Philippines and will be rolled out on all new OS installations. The intention is to sell the system as an add-on for operations and maintenance, based on a recurring revenue model.

Financial Results

Ocean Sun's revenue in 2022 totalled NOK 3.8 million (NOK 0.24 million). Of this, NOK 2.8 million (NOK 0.24 million) relates to licence fees, NOK 0.5 million (NOK 0) was service and engineering revenue and NOK 0.4 million (NOK 0) came from sales of material. The total recognised contribution from research grants amounted to NOK 6.6 million (NOK 6.4 million). The Group posted an operating loss of NOK 18.2 million in 2022 (NOK -18.8 million). This includes a non-recurring cost of NOK 1.3 million for an interim CFO.

Ocean Sun reported a net financial income of NOK 1.2 million in 2022, mainly relating to interest income from cash and cash equivalents and foreign exchange gains. Net cash flow for the year came to NOK -14.2 million (NOK -18.1 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 62.8 million as at 31 December 2022, of which NOK 1.1 million were restricted funds. The equity ratio was 89 per cent 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.

The deficit of 2022 along with the deficit from previous years have been allocated to the share premium reserve.

Haiyang, China 0.5 MWp



Projects

Banja Dam, Statkraft installation, Albania

The second and final phase of the Banja project, the instalment of three additional floaters, was completed during December 2022. The installation was carried out on time and on budget, with significant improvements to the installation speed as compared to the first floater. The complete system consists of four floaters and has an installed capacity of 2 MWp. It is producing according to expectations and confirms the positive results seen from the first floater, which has been operational since 1 April 2022. For 2023, the 2 MWp system is expected to generate almost 3 GWh of electricity.

The plant is Ocean Sun's first multi-ring system and, as such, an important milestone, demonstrating Ocean Sun's ability to provide utility-scale projects. It covers ~15 000 square metres and works as an impressive demonstration facility for potential clients.

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

The 250 kWp system, which was built for SN Aboitiz Power, a joint venture between Aboitiz Power and Scatec, is the largest and longest operating floating solar installation in the Philippines. It is located in the middle of the Philippine typhoon belt and is designed to withstand wind speeds of up to 275 km/h. The system was commissioned in June 2019 and has been through four typhoon seasons without damage to the system.

During the autumn of 2022, Ocean Sun and SNAP carried out a larger technology upgrade with new PV panels and improved cable management. This increased the nominal power from 223 kWp to 250 kWp and improved the stability of the system. Following the upgrade, Ocean Sun also conducted thorough examinations of the replaced panels to look for microcracks. After 3.5 years in operation, no microcracks were found on

the 150 modules examined. Complementing previous tests and theoretical research, this further proves that the Ocean Sun membrane is an excellent habitat for a solar panel and that walking on a module supported by an Ocean Sun membrane does not damage the panel.

Due to the heat dissipation to the water that cools the modules, the system continues to deliver about 10 per cent higher power output compared with the land-based reference system installed at the site.

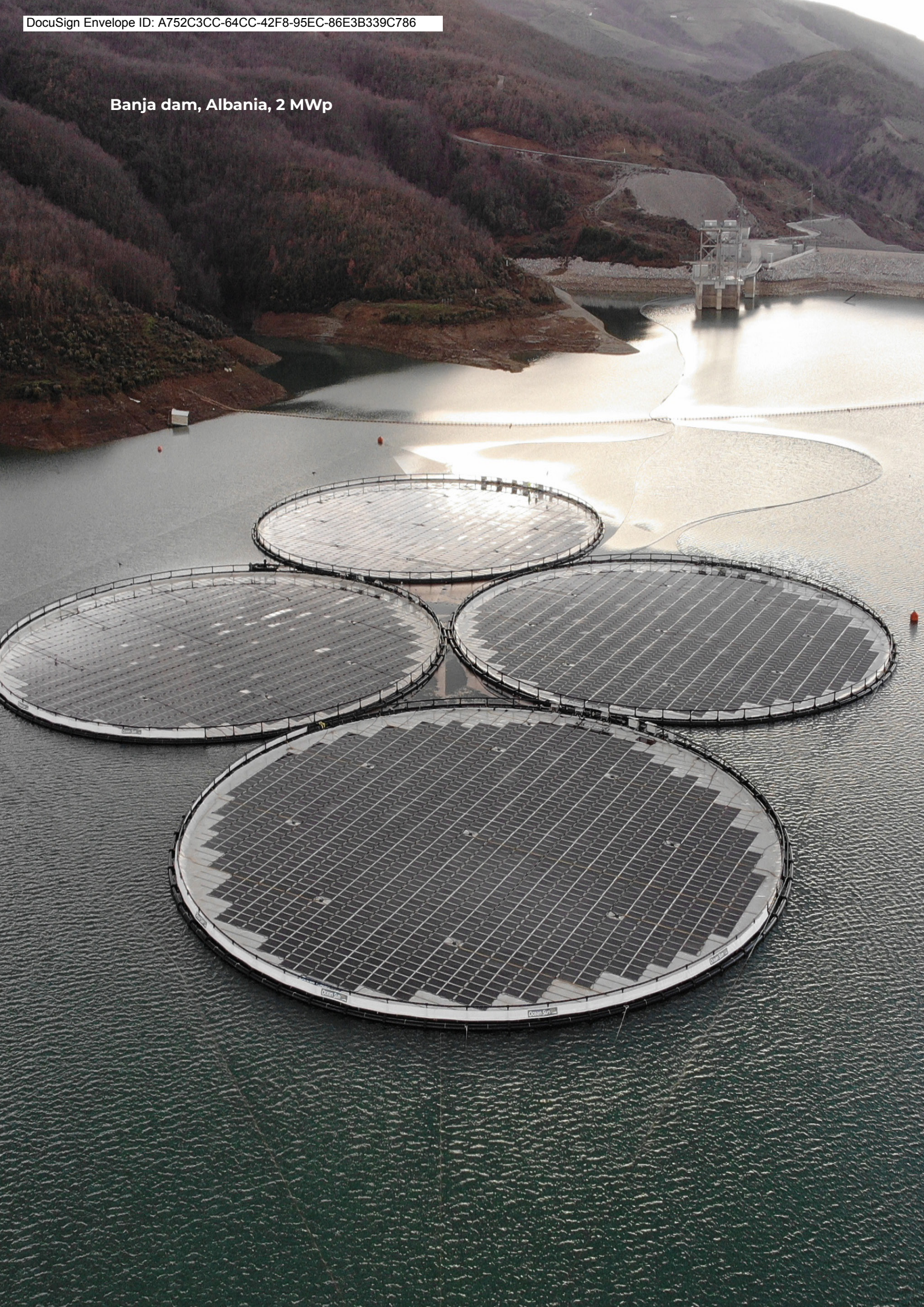
Shandong offshore pilot, Sunneng/ SPIC, China

Ocean Sun has entered an R&D project together with Sunneng Technologies and the State Power Investment Corporation (SPIC). The project involves sea trials of a two-floater (0.5 MWp) system in the Yellow Sea, outside Shandong, China. The system was constructed in October 2022 and is Ocean Sun's first offshore FPV plant and the first ever FPV integrated with offshore wind. It was constructed onshore and towed 30 km off the coast to its final position, where the mooring was installed.

During the pilot period, Ocean Sun will demonstrate the system's performance and optimise the design for the harsh conditions at the site. In addition to strong winds, waves at the site can measure up to 10 metres, making it a challenging site.

SPIC is the world's largest PV asset owner and will likely be a major contributor to the Shandong Province's plan for 42 GWp of off-shore solar in the next few years. Once the pilot period is completed, the intention is to connect floating solar to other wind turbines at the same location. Pending successful results, the accumulated capacity of Ocean Sun FPV will be 20 MWp in 2023.

Banja dam, Albania, 2 MWp



Singapore Strait, Sunseap, Singapore

In March 2022, Ocean Sun and Sunseap signed an agreement for a 1.2 MWp floating PV project to be deployed near shore in Singapore.

The detailed engineering and design of the two-floater system has been completed. Orders for materials are expected to be placed during Q2 2023, with construction of the system taking place in Q3–Q4 2023.

When completed, the system will be the largest floating solar installation in the Singapore Strait and will pave the way for utility-scale developments in Singapore and Southeast Asia.

Jurong Island, Keppel Infrastructure, Singapore

In July 2022, Ocean Sun and Keppel signed an agreement for a 1.5 MWp floating PV project to be deployed near Jurong Island in Singapore.

The project is funded by a government grant focusing on reducing the climate impact of industrial activity on Jurong Island and was selected because of its potential for commercialisation and scalability. Keppel, a powerhouse within construction and energy developments, also has ambitious plans for floating solar in Singapore and the region. The project is expected to be completed in Q4 2023.

Nearshore collaboration agreement, MP Quantum, Greece

In 2021, MP Quantum Group (MP) and Ocean Sun signed a long-term collaboration agreement for floating solar in Greece and the Republic of Cyprus. During 2022, work intensified around two separate demonstration facilities of 2 MWp each, for which MP has paid a licence fee. Permits, off-take agreements and construction plans are being finalised by MP and orders for material are expected to be placed during the first half of

Q2 2023, with installation in Q3 or Q4 2023. In addition, MP has worked on the preparation of a legal framework to simplify the permit application process for future utility-scale installations.

Organization and work environment

In Q3 2022, Ocean Sun appointed Ivar Blekastad as its new Chief Operating Officer (COO). Mr Blekastad, who has more than 15 years of experience from the PV industry and in-depth knowledge of the entire value chain, took up his appointment in Q4 2022.

In the opinion of the Board of Directors, the company has a good working environment. The company had no work-related injuries in 2022. The number of full-time equivalents (FTEs) in Ocean Sun increased to 13 (10) during 2022. Of these, 11 are male and two are female. The Board consists of five members, three female and two male.

Outlook

On top of the transition to renewable energy, Norway, Europe and other parts of the world are in the midst of an energy crisis, with high energy prices and forecasts of supply shortages. In addition, the ongoing war in Europe put energy dependence on the national security agenda.

Renewable energy is an opportunity for most countries in the world to increase their domestic energy production and thus reduce their energy dependence. With relatively short development timelines, solar energy can also meet short- and mid-term energy constraints. We also see a growing appetite for solar development, with the highest installed capacity of all times, 268 GWp in 2022. Despite good progress, this is nowhere near enough and there are still challenges with current regulations, or lack thereof, in many markets and the permitting process is too slow.

To meet the global energy targets, governments and public authorities need to increase the pace and allow for more solar deployment.

With a rapid increase in installed capacity over the last decade, and a tremendous forecasted growth, land availability is increasingly becoming a major 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, thus reducing the gap between floating PV and ground-mounted PV.

Apart from the Netherlands, **Europe** has been slow with the adaption of floating solar. Fortunately, we are now noticing increased activity with several tenders and research calls being issued and discussed. Ocean Sun's 2 MWp multi-ring installation in Albania positions us nicely for this development and works well as a reference and demonstration facility. Several potential customers have already been there to view the technology first-hand. We are also getting closer to building a second demonstration project, this time nearshore, with the 4 MW in Greece.

European energy and O&G giants are also showing interest in Ocean Sun for FPV in combination with larger offshore wind farms and FPSO installations. While realisation of such projects is typically further down the road, upfront engineering projects can provide Ocean Sun with valuable knowledge and engineering fees already in 2023.

The **Chinese** market is still the world's largest floating solar market and where a majority of the growth will come. The country has started to place heavy restrictions on floating solar arrays on lakes and reservoirs. This follows several rounds of damaged and destroyed pontoon-based powerplants. At the same time, there is a push from the central government towards floating solar in coastal areas, where pontoon-based solutions are not an option. This development, along with strategic market initiatives, creates a favourable position

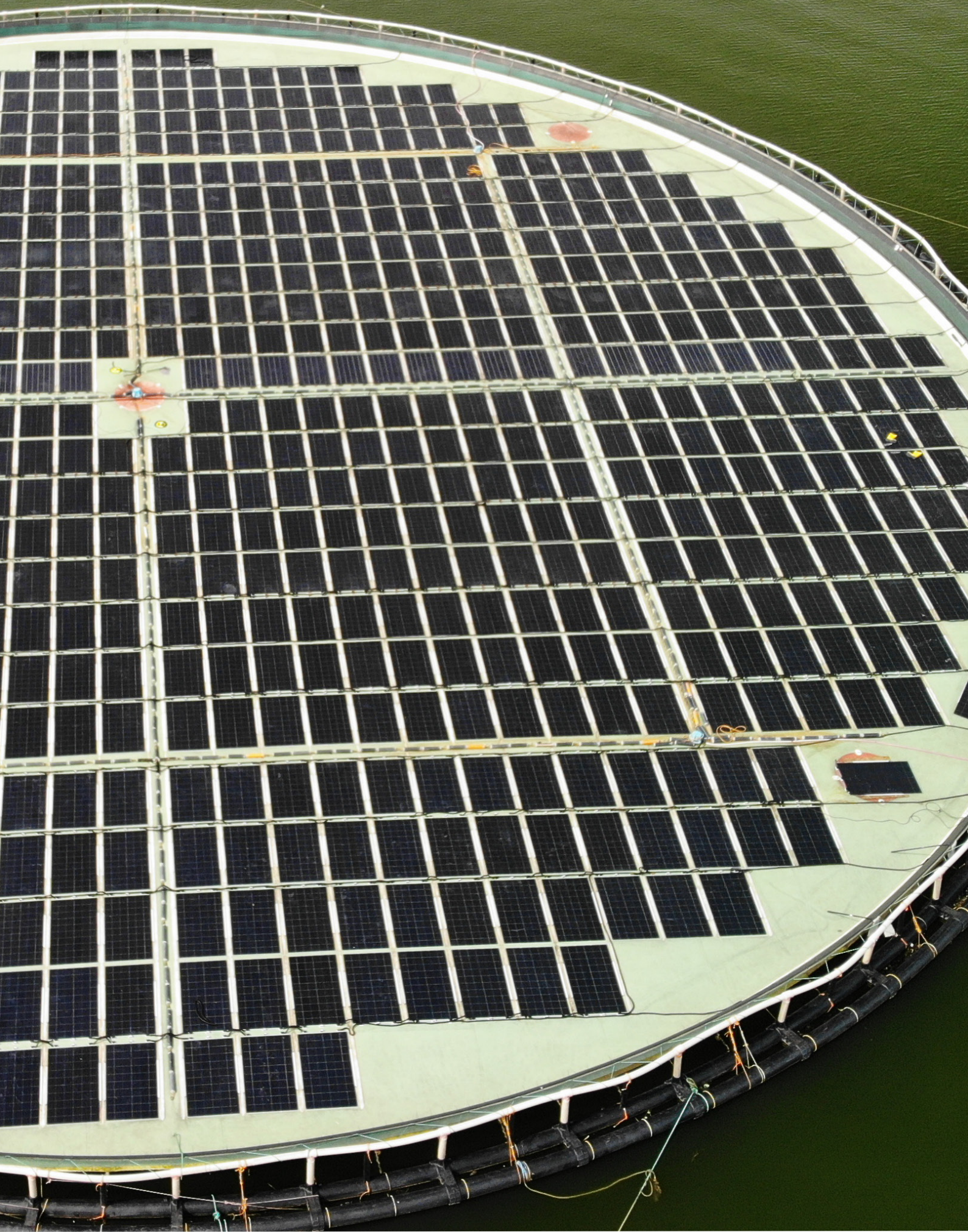
for Ocean Sun. Our ongoing R&D project together with SPIC was broadcast on national television, and Ocean Sun is now a well-known brand within the floating solar industry in China. In addition, our business model is very well adapted to be a major player in the Chinese market, and consequently, our outlook in the Chinese market is positive. The expansion of the current R&D project in Shandong to a 20 MWp system is the first big milestone in China. However, given that Shandong province announced plan of 40 GWp nearshore and offshore FPV in years to come, this is hopefully only the first of many.

2022 started slow in **South-East Asia** due to lockdowns related to the pandemic. However, business picked up during the second quarter and Ocean Sun signed contracts with two of the most prominent renewable companies in Singapore. We also had good development at the Magat dam, with a technology upgrade of the system and good proof of the robustness of our solution from tests carried out in conjunction with this. Many countries in SEA are ideally suited for FPV as they are densely populated, have land scarcity, high and increasing need of power and good irradiation. As the deployment sites typically are nearshore, on larger lakes and in areas with exposure to typhoons, the market is also challenging for alternative FPV technologies. At the same time, the Magat facility's increasing track record and several notable partnerships give credibility to Ocean Sun and trust in our solution, which is why market outlooks are positive.

Knowledge about floating solar in **South America** continues to develop rapidly, and there is strong interest in Ocean Sun's solution, particularly in Brazil, where our collaboration with a local partner is progressing well. We are also noticing increased interest from the **US market** following the Inflation Reduction Act.

All in all, the outlook and the interest related to floating solar in general and Ocean Sun's technology in particular is high.

Magat Dam, Philippines, 220 kWp



Going concern

Although Ocean Sun is currently presenting negative operating results and will continue to do so during 2023, there is strong interest in the technology and a positive trend in revenue development. The company has a strong and sound liquidity position to finance further operations in 2023 and 2024.

In view of this financial position, the Board confirms the going concern assumptions and that the 2022 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. 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.

Based on the relatively simple business model and small size of the company's staff, the Board believes that adequate steps have been taken to mitigate 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 requirements and recommendations for corporate governance for companies listed on the Euronext Growth and of the size of 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 one-year terms.

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. We respect human and labour rights, establish good HSE (health, safety and the environment) standards, facilitate constructive dialogue with stakeholders and generally operate in accordance with applicable regulatory frameworks and good business practice.

During 2022, we put effort into sharing and incorporating our CSR policy with the entire organisation. As a global company, we are present in many regions with a high risk of corruption, bribery and human rights violations. We mitigate this risk by having a well-embedded policy, good internal procedures and by working with partners that share our values.



Environmental

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 minimal disruptions to agriculture and forestry. In many places, it also provides the only affordable alternative to fossil power plants. As indicated by the illustration on page 8, this has a large impact on greenhouse gas emissions. Ocean

Sun's particular design also make use of less material and has a 10-times smaller transportation volume than our competitors.

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

Liability insurance for directors and executives

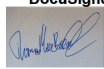
The company has an international insurance for its directors and executives.



Responsibility statement

The Board of Directors have considered and approved the consolidated financial statements of Ocean Sun AS ("the Company") for the full year ending 31 December 2022. 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 assets, liabilities, financial position and profit and loss of the Company, 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 risk and uncertainties the company faces.

Fornebu, 23 March 2023

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 Thomas Julius Moe Børseth
Chair

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 Brian Glover
Board member

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 Anne Vera Skriverhaug
Board member

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 Kristin Åbyholm
Board member

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 May Kristin Salberg
Board member

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 Børge Bjørneklett
CEO

Group Financials

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

Income statement

Consolidated financials
All numbers in NOK'000

	Note	2022	2021
Income			
Revenue	2	3 767	238
Other income	2	6 613	6 370
Total operating income		10 380	6 608
Operating expenses			
Raw materials and consumables used		(402)	-
Employee cost	3	(17 511)	(13 889)
Depreciation		(18)	(18)
Other Operating expenses	4,5	(11 842)	(11 503)
Total operating expenses		(29 773)	(25 411)
Operating result		(19 393)	(18 802)
Financial income			
Interest income	6	967	141
Other financial income	6	489	22
Total financial income		1 456	163
Financial expenses			
Interest expenses	6	(5)	(4)
Other financial expenses	6	(210)	(118)
Total financial expenses		(215)	(122)
Net financial items		1 241	41
Result before taxes		(18 152)	(18 761)
Taxes	7	(1)	(4)
Result after taxes		(18 153)	(18 765)
Transferred to accumulated losses		(18 153)	(18 765)
Total transfers and allocations		(18 153)	(18 765)

Balance sheet

Consolidated financials
All numbers in NOK'000

	Note	31.12.22	31.12.21
ASSETS			
Non-current assets			
Tangible non-current assets			
Office equipment		19	38
Total tangible non current assets		19	38
Total non-current assets		19	38
Current assets			
Receivables			
Accounts receivables	10	3 622	-
Other receivables	10	4 759	10 761
Total receivables		8 380	10 761
Cash and equivalents			
Cash and cash equivalents	11	62 766	76 991
Total cash and equivalents		62 766	76 991
Total current assets		71 147	87 753
Total assets		71 167	87 790

Consolidated financials
All numbers in NOK'000

	Note	31.12.22	31.12.21
EQUITY AND LIABILITIES			
Equity			
Paid in capital			
Share capital	14,15	450	450
Treasury shares	15	(0)	(0)
Share based payment reserves	15,16	137	-
Share premium	15	62 550	128 023
Total paid in capital		63 137	128 472
Retained earnings			
Translation reserves	15	23	51
Accumulated loss	15	(65 496)	(47 306)
Cover uncovered losses	15	65 473	-
Total retained earnings		-	(47 255)
Total Equity		63 137	81 218
Liabilities			
Non-current liabilities			
Other long term liabilities		-	-
Total long-term liabilities		-	-
Current liabilities			
Accounts payables		760	2 455
Taxes and public duties		725	673
Other payables	13	6 546	3 445
Total current liabilities		8 030	6 573
Total liabilities		8 030	6 573
Total equity and liabilities		71 167	87 790

Cash flow statement

Consolidated financials
All numbers in NOK'000

	2022	2021
Operating activities		
Result before tax	(18 153)	(18 765)
Depreciations	18	18
Cost of share option programme	130	7
Provision for bad debts	178	-
Change in accounts receivables	(3 800)	(130)
Change in other current assets	6 003	(3 384)
Change in accounts payable	(1 695)	1 939
Change in other current liabilities	3 007	2 265
Cash flow from operating activities	(14 313)	(18 049)
Finance		
Change in other financing activities	-	(56)
Cash flow from financing activities	-	(56)
Foreign currency effects on cash	88	-
Net cash flow in the period	(14 225)	(18 105)
Cash and cash equiv., start of period	76 991	95 096
Cash and cash equiv., end of period	62 766	76 991

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 2022 and 2021. 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 before it has been invoiced to client and, as a result, the revenue recognition typically follows the invoicing schedule outlined in the contract. 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.

Raw materials and consumables

In theory, the business model does not include procurement of goods for re-sale. However, to facilitate demonstration projects with key customers, the company occasionally buys material for specific projects, based on agreements with customers.

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 for 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.

Note 2 – Operating income

	2022	2021
Revenue		
Licence revenue	2 816	238
Service and engineering revenue	518	-
Product sales	433	-
Subtotal Revenue	3 767	238
Other income		
Grants from EU (BOOST Project)	53	3 536
Grants from Innovation Norway (Green Platform)	4 318	1 843
Grants from the Research Council of Norway (SkatteFunn + IPN)	2 230	984
Other	12	6
Subtotal other income	6 613	6 370
Total operating income	10 380	6 608

Note 2 – Operating income (continued)

	2022	2021
Geographical spread of revenue		
EMA	2 687	25
North East Asia (inc China)	725	213
South East Asia	355	-
Total revenue	3 767	238

Note 3 – Remuneration

	2022	2021
Salary and personnel cost		
Salary	15 082	12 033
Employer's contribution	1 554	1 256
Pension	607	430
Recognised cost for share option scheme	67	8
Other related benefits	201	162
Total salary and personnel cost	17 511	13 889

Ocean Sun AS pension scheme is 4 per cent of annual salary up to 7.1 G (G was NOK 111,477 from 01.05.2022) and 10 per cent of salary between 7.1 G and 12 G

	2022	2021
Full- time equivalents		
Ocean Sun AS	9	7
Subsidiaries	4	3
Total	13	10

	Salary	Pension remuneration	Other
Remuneration for CEO			
Børge Bjørneklett	1 724	69	80
Remuneration for board members			
Thomas Julius Moe Børseth (Chair)	156	-	-
Brian James Glover (Board member)	125	-	-
Kristin Åbyholm (Board member)	75	-	-
Anne Vera Skriverhaug (Board member)	75	-	-
May Kristin Salberg*	-	-	136
Total remuneration for board members	432	-	136

* Board member May Kristin Salberg participated in the board as an external observer before she was elected as a board member at the Annual General Meeting. For her participation in these board meetings, Salberg invoiced Ocean Sun NOK 52,000. Salberg has also delivered consultancy services amounting to NOK 84,000 in relation to facilitating the company's work with new values.

Board remuneration represents what has been paid out during 2022. The remuneration for the period from the annual general meeting in 2022 to the annual general meeting in 2023 was set to NOK 190,000 for the chair and NOK 135,000 for board members on the annual general meeting in 2022.

Note 4 – Remuneration to Auditor

The following costs (excluding VAT) related to auditor Ernst & Young AS were expensed

	2022	2021
Auditor's fee Ocean Sun AS		
Audit services	424	215
Other attestation services	-	62
Other services	5	31
Total auditor's fee Ocean Sun AS	429	307

Note 5 – Other operating expenses

Expense type	2022	2021
Consultants, testing and patents	5 748	5 057
Facility cost, IT, etc	1 521	1 117
Interim CFO	1 288	-
Legal, auditors, accounting, etc	1 183	2 351
Provisions for bad debt	178	-
Materials for development and testing	165	1 460
Other	1 758	1 518
Total other operating expenses	11 842	11 503

Note 6 – Financial items

	2022	2021
Finance income		
Interest income	967	141
Agio	489	22
Total finance income	1 456	163
Finance expenses		
Interest Expenses	(5)	(4)
Disagio	(210)	(118)
Total finance expenses	(215)	(122)

Note 7 – Taxes

	2022	2021
Ocean Sun AS		
This year's loss	(18 134)	-19 052
+/- Permanent differences	29	2
+/- This years change in temporary differences	196	-28
Tax base of the year	(17 909)	(19 078)
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	(1)	(4)

	31.12.2022	31.12.2021	Change
Temporary differences			
Fixed assets	19	38	18
Current assets	(178)	-	178
Loss carried forward	(75 785)	(57 875)	17 909
Net temporary differences	(75 943)	(57 838)	18 105
Loss carried forward (not recognised as DTA)	75 943	57 838	(18 105)
Total temporary differences	-	-	-
Deferred tax assets 31.12.2022 based on 22% tax rate	-	-	-

The company has NOK 75.9 million (2021: NOK 57.9 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 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%	12	1
Ocean Sun China Co. Ltd China	China	100%	283	(139)
Ocean Sun Pte. Ltd Singapore*	Singapore	100%	136	30

*Ocean Sun Pte. Ltd is owned 100 per cent 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	136	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 10 – Accounts receivables and other receivables

	31.12.22	31.12.21
Accounts receivables		
Statkraft material	2 620	-
Other accounts receivables	1 180	-
Provisions for bad debt	(178)	-
Total accounts receivables	3 622	-
Other Receivables		
Statkraft material	380	7 518
Accrued income contribution projects	3 303	1 759
VAT	251	667
Other	825	818
Total	4 759	10 761

Note 11 – Cash and cash equivalents

	31.12.22	31.12.21
Restricted cash*	860	605
Bank Guarantee **	234	222
Cash	61 673	76 165
Total cash and equivalents	62 766	76 991

*Restricted cash is reserved withholding tax related to employees

** Bank guarantee for Statkraft Albania project amounting to EUR 22,000.

Note 12 – Patents and trademarks

Ocean Sun AS has put considerable effort into patenting its key technology. The patent portfolio currently consists of more than 100 patent applications for four patent families with applications in 41 countries/patent organisations. The main patent has already been accepted in several key states including the US, United Kingdom, EPO and Norway.

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

Note 13 – Other payables

	31.12.22	31.12.21
Prepayment. Grants for BOOST Project	4 638	1 820
Holiday allowance	828	690
Employer's contribution	399	292
Employee bonuses	171	359
Other	509	283
Total Other payables	6 546	3 445

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 as at 31.12.2022	30 000
Nominal value per share	0,01

Shareholders as at 31.12.2022	Holdings	Ownership %	Voting rights %
Dr. Ing. Børge Bjørneklett AS (Company of CEO)	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	1 348 439	3%	3%
Morgan Stanley & Co. Int. Plc.	1 021 322	2%	2%
Opulens Invest AS	1 000 000	2%	2%
Pictet & Cie (Europe) S.A.	961 459	2%	2%
Other	8 941 526	20%	20%
Total	44 986 200	100%	100%

Note 15 – Equity

	Share capital	Own shares	Share premium	Share based payment reserves	Uncovered losses	Total
At 1 January 2022	450	(0)	128 023	-	(47 255)	81 218
Profit/Loss for the period	-	-	-	-	(18 153)	(18 153)
Share option program	-	-	-	137	-	137
Currency translation differences	-	-	-	-	(66)	(66)
Cover uncovered losses	-	-	(65 473)	-	65 473	-
At 31 December 2022	450	(0)	62 550	137	-	63 137

Note 16 – Share based payments

Share-based compensation benefits are provided to employees through the long-term incentive programme 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 recognizes 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

	2022
Total cost 2022	127 455
Total Social security provisions 2022	-

Granted instruments 2022

Instrument	Option
Quantity 31.12.2022 (instruments)	201 505
Quantity 31.12.2022 (potential shares)	201 505
Contractual life*	5.00
Strike price*	10.74
Share price*	9.44
Expected lifetime*	3.60
Volatility*	50.87%
Interest rate*	3.42%
Dividend*	-
FV per instrument*	3.46

Note 16 – Share based payments (continued)

Outstanding instruments year end (options)

Quantity and weighted average prices

	Number of instruments	Weighted average strike price
	<i>01.01.2022 - 31.12.2022</i>	
Outstanding OB (01.01.2022)	118 956	15.20
Granted	201 505	10.74
Exercised	-	-
Released	-	-
Adjusted	-	-
Performance Adjusted	-	-
Cancelled	-	-
Terminated	(73 747)	15.20
Expired	-	-
Outstanding CB (31.12.2022)	246 714	11.56
Vested CB	-	-

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 31.12.2022	Weighted average strike price
10,43	186 465	4,86	10,43	-	-
14,60	15 040	4,36	14,60	-	-
15,20	45 209	3,96	15,20	-	-
Total	246 714			-	

Note 17 – Subsequent events

March 2023

Ocean Sun and Inseanergy settled their patent dispute. Ocean Sun commenced legal proceedings in Norway against Inseanergy AS in August 2022, claiming Inseanergy's solution for floating solar power infringed upon Ocean Sun's patent rights. In March, the parties reached a settlement agreement, following which the parties have entered into a licence agreement on commercial terms.



Parent Company Financials

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

Income statement

Parent company financials
All numbers in NOK'000

	Note	2022	2021
Income			
Revenue	2	3 659	234
Other income	2	6 610	6 364
Total operating income		10 269	6 598
Operating expenses			
Raw materials and consumables used		(402)	-
Employee cost	3	(12 970)	(10 378)
Depreciation		(18)	(18)
Other Operating expenses	4,5	(16 147)	(15 307)
Total operating expenses		(29 538)	(25 703)
Operating result		(19 269)	(19 105)
Financial income			
Interest income	6	966	135
Other financial income	6	370	22
Total financial income		1 337	156
Financial expenses			
Interest expenses	6	(5)	(4)
Other financial expenses	6	(197)	(100)
Total financial expenses		(202)	(103)
Net financial items		1 135	53
Result before taxes		(18 134)	(19 052)
Taxes	7	-	-
Result after taxes		(18 134)	(19 052)
Transferred to accumulated losses		(18 134)	(19 052)
Total transfers and allocations		(18 134)	(19 052)

Balance sheet

Parent company financials
All numbers in NOK'000

	Note	31.12.22	31.12.21
ASSETS			
Non-current assets			
Tangible non-current assets			
Office equipment		19	38
Total tangible non current assets		19	38
Other non-current assets			
Investments in Subsidiaries	8	280	280
Total other non-current assets		280	280
Total non-current assets		299	318
Current assets			
Receivables			
Accounts receivables	11	3 608	-
Other receivables	11	4 641	10 679
Total receivables		8 248	10 680
Cash and equivalents			
Cash and cash equivalents	12	62 509	76 530
Total cash and equivalents		62 509	76 530
Total current assets		70 758	87 209
Total assets		71 058	87 527

Parent company financials
All numbers in NOK'000

	Note	31.12.22	31.12.21
EQUITY AND LIABILITIES			
Equity			
Paid in capital			
Share capital	15,16	450	450
Treasury shares	16	(0)	(0)
Share based payment reserves	16, 17	74	-
Share premium	16	62 474	128 023
Total paid in capital		62 998	128 472
Retained earnings			
Accumulated loss	16	(65 549)	(47 415)
Cover uncovered losses	16	65 549	-
Total retained earnings		-	(47 415)
Total Equity		62 998	81 058
Liabilities			
Non-current liabilities			
Other long term liabilities		-	-
Total long-term liabilities		-	-
Current liabilities			
Accounts payables		1 004	2 578
Taxes and public duties		534	673
Other payables	14	6 522	3 218
Total current liabilities		8 060	6 469
Total liabilities		8 060	6 469
Total equity and liabilities		71 058	87 527

Cash flow statement

Parent company financials
All numbers in NOK'000

	2022	2021
Operating activities		
Result before tax	(18 134)	(19 052)
Depreciations	18	18
Cost of share option programme	67	-
Provision for bad debts	178	-
Change in accounts receivables	(3 786)	-
Change in other current assets	6 039	(3 353)
Change in accounts payable	(1 574)	1 939
Change in other current liabilities	3 172	2 083
Cash flow from operating activities	(14 020)	(18 365)
Finance		
Change in other financing activities	-	(56)
Cash flow from financing activities	-	(56)
Net cash flow in the period	(14 020)	(18 421)
Cash and cash equiv., start of period	76 530	94 951
Cash and cash equiv., end of period	62 509	76 530

Notes

Note 1 – Accounting principles

Basis for preparations

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

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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.

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Government grants

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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

	2022	2021
Revenue		
Licence revenue	2 810	234
Service and engineering revenue	416	-
Product sales	433	-
Subtotal Revenue	3 659	234
Other income		
Grants from EU (BOOST Project)	53	3 536
Grants from Innovation Norway (Green Platform)	4 318	1 843
Grants from the Research Council of Norway (SkatteFunn + IPN)	2 230	984
Other	9	-
Subtotal other income	6 610	6 364
Total operating income	10 269	6 598

Note 2 – Operating income (continued)

	2022	2021
Geographical spread of revenue		
EMA	2 687	25
North East Asia (inc China)	617	209
South East Asia	355	-
Total revenue	3 659	234

Note 3 – Remuneration

	2022	2021
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Other related benefits	201	162
Total salary and personnel cost	12 970	10 378

Ocean Sun AS pension scheme is 4 per cent of annual salary up to 7.1 G (G was NOK 111,477 from 01.05.2022) and 10 per cent of salary between 7.1 G and 12 G

	2022	2021
Full- time equivalents		
Ocean Sun AS	9	7
		Other
	Salary	Pension remuneration
Remuneration for CEO		
Børge Bjørneklett	1 724	69 80
Remuneration for board members		
Thomas Julius Moe Børseth (Chair)	156	-
Brian James Glover (Board member)	125	-
Kristin Åbyholm (Board member)	75	-
Anne Vera Skrivarhaug (Board member)	75	-
May Kristin Salberg*	-	136
Total remuneration for board members	432	- 136

* Board member May Kristin Salberg participated in the board as an external observer before she was elected as a board member at the Annual General Meeting. For her participation in these board meetings, Salberg invoiced Ocean Sun NOK 52,000. Salberg has also delivered consultancy services amounting to NOK 84,000 in relation to facilitating the company's work with new values.

Board remuneration represents what has been paid out during 2022. The remuneration for the period from the annual general meeting in 2022 to the annual general meeting in 2023 was set to NOK 190,000 for the chair and NOK 135,000 for board members on the annual general meeting in 2022.

Note 4 – Remuneration to Auditor

The following costs related to auditor Ernst & Young AS were expensed

	2022	2021
Auditor's fee Ocean Sun AS		
Audit services	424	215
Other attestation services	-	62
Other services	5	31
Total auditor's fee Ocean Sun AS	429	307

Note 5 – Other operating expenses

Expense type	2022	2021
Consultants, testing and patents	5 748	5 057
Cost for subsidiaries	5 327	4 508
Facility cost, IT, etc	1 246	1 004
Interim CFO	1 288	-
Legal, auditors, accounting, etc	1 073	2 206
Provisions for bad debt	178	0
Materials for development and testing	7	1 415
Other	1 281	1 116
Total other operating expenses	16 147	15 307

Note 6 – Financial items

	2022	2021
Finance income		
Interest income	966	135
Agio	370	22
Total finance income	1 337	156
Finance expenses		
Interest Expenses	(5)	(4)
Disagio	(197)	(100)
Total finance expenses	(202)	(103)

Note 7 – Taxes

	2022	2021
Ocean Sun AS		
This year's loss	(18 134)	-19 052
+/- Permanent differences	29	2
+/- This years change in temporary differences	196	-28
Tax base of the year	(17 909)	(19 078)
Tax expenses in the income statement	-	-
Tax payable in the balance sheet	-	-

	31.12.2022	31.12.2021	Change
Temporary differences			
Fixed assets	19	38	18
Current assets	(178)	-	178
Loss carried forward	(75 785)	(57 875)	17 909
Net temporary differences	(75 943)	(57 838)	18 105
Loss carried forward (not recognised as DTA)	75 943	57 838	(18 105)
Total temporary differences	-	-	-
Deferred tax assets 31.12.2022 based on 22% tax rate	-	-	-

The company has NOK 75.9 million (2021: NOK 57.9 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%	12	1
Ocean Sun China Co. Ltd China	China	100%	283	(139)
Ocean Sun Pte. Ltd Singapore*	Singapore	100%	136	30

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

Note 9 – Intercompany balances

31.12.2022

Ocean Sun AS, debt to:

Ocean Sun China Co. Ltd China	245
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Ocean Sun Co. Ltd China, debt to:

Ocean Sun AS	56
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The foreign subsidiaries operate on a cost-plus basis. Ocean Sun AS invoice Ocean Sun Co. Ltd. China for licence fee that it charges to customers in China as well as the share of engineering revenue that belongs to Norway in such projects.

Note 10 – Intercompany transactions and transactions with related parties

	Type	Amount	Net profit
Invoices to Ocean Sun AS, from:			
Ocean Sun Systems AS	Intercompany	24	1
Ocean Sun China Co. Ltd	Intercompany	3 279	(139)
Ocean Sun Pte. Ltd	Intercompany	2 023	30
Salberg MASA	Related party	136	N/A
Invoices from Ocean Sun AS, to:			
Ocean Sun China Co. Ltd	Intercompany	184	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

	31.12.22	31.12.21
Accounts receivables		
Statkraft material	2 620	-
Other accounts receivables	988	-
Provisions for bad debt	(178)	-
Total accounts receivables	3 608	-
Other Receivables		
Statkraft material	380	7 518
Accrued income contribution projects	3 303	1 759
VAT	251	667
Other	707	736
Total	4 641	10 679

Note 12 – Cash and cash equivalents

	31.12.22	31.12.21
Restricted cash*	860	605
Bank Guarantee **	234	222
Cash	61 416	75 703
Total cash and equivalents	62 509	76 530

*Restricted cash is reserved withholding tax related to employees

** Bank guarantee for Statkraft Albania project amounting to EUR 22,000.

Note 13 – Patents and trademarks

Ocean Sun AS has put considerable effort into patenting its key technology. The patent portfolio currently consists of more than 100 patent applications for four patent families with applications in 41 countries/patent organisations. The main patent has already been accepted in several key states including the US, United Kingdom, EPO and Norway.

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

Note 14 – Other payables

	31.12.22	31.12.21
Prepayment. Grants for BOOST Project	4 638	1 820
Holiday allowance	828	690
Employee bonuses	171	359
Employer's contribution	399	292
Other	485	57
Total Other payables	6 522	3 218

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 as at 31.12.2022	30 000
Nominal value per share	0,01

Shareholders as at 31.12.2022

	Holdings	Ownership %	Voting rights %
Dr. Ing. Børge Bjørneklett AS (Company of CEO)	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	1 348 439	3%	3%
Morgan Stanley & Co. Int. Plc.	1 021 322	2%	2%
Opulens Invest AS	1 000 000	2%	2%
Pictet & Cie (Europe) S.A.	961 459	2%	2%
Other	8 941 526	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 2022	450	(0)	128 023	-	(47 415)	81 058
Profit/Loss for the period	-	-	-	-	(18 134)	(18 134)
Share option program	-	-	-	74	-	74
Cover uncovered losses	-	-	(65 549)	-	65 549	-
At 31 December 2022	450	(0)	62 474	74	-	62 998

Note 17 – Share based payments

Share-based compensation benefits are provided to employees through the long-term incentive programme 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 recognizes 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

	2022
Total cost 2022	127 455
Total Social security provisions 2022	-

Granted instruments 2022

Instrument	Option
Quantity 31.12.2022 (instruments)	201 505
Quantity 31.12.2022 (potential shares)	201 505
Contractual life*	5.00
Strike price*	10.74
Share price*	9.44
Expected lifetime*	3.60
Volatility*	50.87%
Interest rate*	3.42%
Dividend*	-
FV per instrument*	3.46

Note 17 – Share based payments (continued)

Outstanding instruments year end (options)

Quantity and weighted average prices

	Number of instruments	Weighted average strike price
	<i>01.01.2022 - 31.12.2022</i>	
Outstanding OB (01.01.2022)	118 956	15.20
Granted	201 505	10.74
Exercised	-	-
Released	-	-
Adjusted	-	-
Performance Adjusted	-	-
Cancelled	-	-
Terminated	(73 747)	15.20
Expired	-	-
Outstanding CB (31.12.2022)	246 714	11.56
Vested CB	-	-

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 31.12.2022	Weighted average strike price
10,43	186 465	4,86	10,43	-	-
14,60	15 040	4,36	14,60	-	-
15,20	45 209	3,96	15,20	-	-
Total	246 714			-	

Note 18 – Subsequent events

March 2023

Ocean Sun and Inseanergy settled their patent dispute. Ocean Sun commenced legal proceedings in Norway against Inseanergy AS in August 2022, claiming Inseanergy's solution for floating solar power infringed upon Ocean Sun's patent rights. In March, the parties reached a settlement agreement, following which the parties have entered into a licence agreement on commercial terms.



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Medlemmer av Den norske Revisorforening

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 2022, 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 2022 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 general manager) 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.



Building a better
working world

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INDEPENDENT AUDITOR'S REPORT

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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 2022, 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 2022 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 general manager) 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.



The auditor's report is signed electronically

Thomas Embretsen
State Authorised Public Accountant (Norway)

Penneo document key: 5IAKJ-QN0Z6-GEW8P-P0VES-30JT8-VUJL3