

OCEAN SUN

*A BOLD SOLUTION TO OUR GLOBAL
ENERGY NEEDS*

*Q3 REPORT
09.11.2021*

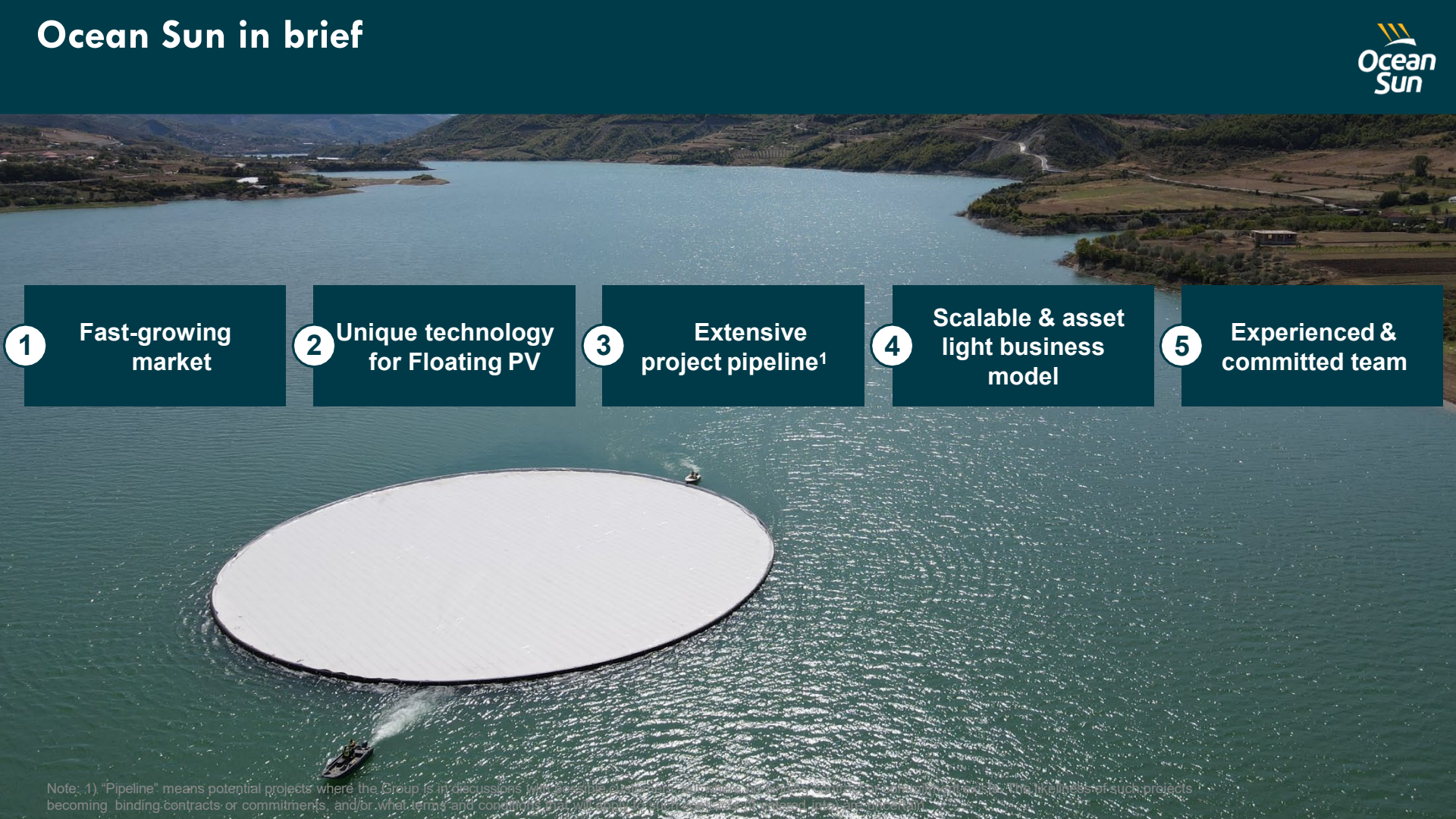


V I S I O N

WORLD LEADING TECHNOLOGY
PROVIDER TO FLOATING PV
SYSTEMS

- Ocean Sun in brief
- Highlights
- Operations and business developments
- Market update
- Financials
- Appendix



- 
- An aerial photograph of a large, circular floating solar panel array on a body of water. The array is white and contrasts with the blue water. A small boat is visible near the bottom of the array. The background shows a shoreline with hills and some buildings.
- 1 Fast-growing market**
 - 2 Unique technology for Floating PV**
 - 3 Extensive project pipeline¹**
 - 4 Scalable & asset light business model**
 - 5 Experienced & committed team**

Note: 1) "Pipeline" means potential projects where the Group is in discussions with potential clients, and where the Group has not yet entered into a binding contract or commitment, and for what terms and conditions that will apply to the project. The pipeline is based on the latest information available.



**1 MW license
deal in China**



NTP Statkraft



**Funds for two
Green platform
projects awarded**



**EPO Patent –
Decision to grant**



New Board members

Operations and business developments

Project details

Ocean Sun has signed an agreement to license its proprietary floating solar technology to the developer Sunneng Technology for the construction of a 1 MWp FPV pilot in Yantai, in the Province of Shandong, China. The project is fully funded by String Capital, a Beijing based energy investment fund.

Ocean Sun has been present in China since 2018 and established a Chinese subsidiary in 2020. With approximately 45% of the global installed floating solar capacity to date, China is by far the world's largest market for floating solar. There are several utility-scale deployments in the country already, so far on benign waters such as lakes, irrigation dams and on flooded quarries and mines. In addition, China has a strong drive to replace fossil energy production and the regulatory process is quick and effective. This makes China one of Ocean Sun's most important markets. This first nearshore demonstration system will create local awareness and qualify Ocean Sun for future utility-scale installations on seawater.

The project will be located a few hundred meters from shore close to the city of Yantai. The local conditions are well suited for the Ocean Sun solution, with sea conditions comparable to that of Norway. With support from the Yantai Economic and Technological Development Zone, there will be substantial potential for utility-scale projects in the future. Ocean Sun's license fee for the project is in line with what has earlier been communicated and is divided on two installments. The first installment was paid during October and the second installment fall due after project commissioning.



Ocean Sun receives Notice to Proceed from Statkraft for the reconstruction of the floating PV project in Albania



Project update

Ocean Sun has received a Notice to Proceed (NTP) regarding the reconstruction of the first floater on the Banja hydro powerplant in Albania. Following the NTP, complementary materials needed for reconstructing the first floater has been ordered and the ambition is to reconstruct the system during December 2021 or early 2022 depending on material lead time and local weather forecasts.

Project details

Ocean Sun and Statkraft have signed an agreement to construct a 2 MWp floating solar power plant on Statkraft's 72-megawatt hydropower plant in Banja, Albania. The first 0.5 MWp floater was successfully built and connected to the Albanian grid in June 2021. However, only a few weeks later the floater experienced an incident during a tornado, partly submerging the ring and two connected barges. Following the incident, Ocean Sun has conducted a thorough root cause analysis and proposed design modifications and new operational practices. These have been verified by expert meteorologist and naval architects from well reputed third-party institutions. After the reconstruction of the first floater the remaining 1.5 MWp is expected in a second phase during 2022.



Ocean Sun receives government green funds – Consortiums led by Scatec and Norsk Hydro respectively



Project details

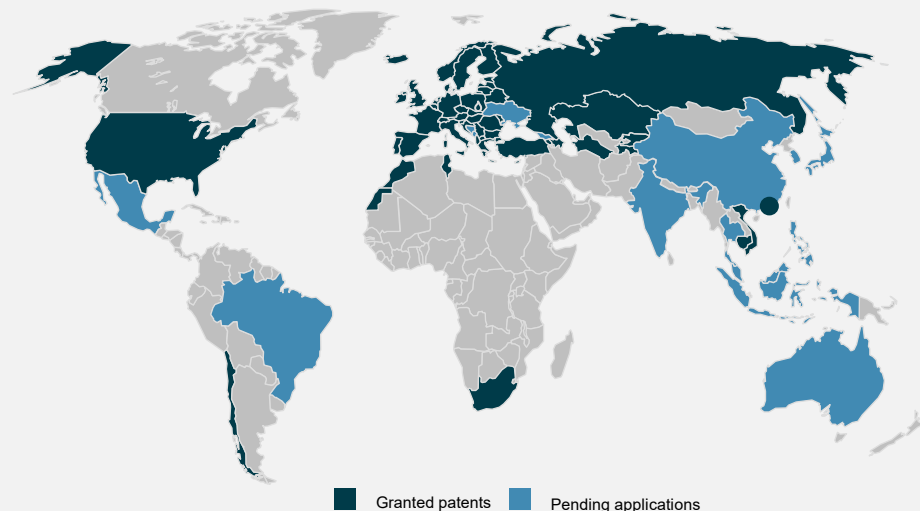
The Green Platform is an initiative that gives companies and research institutes funding for research and innovation-driven green growth. Based on 44 project applications, The Research Council, Innovation Norway, and Siva have allocated almost one billion NOK to eleven projects, with the purpose to create green jobs and a more sustainable future. Ocean Sun is part of two consortiums that have received funding under the initiative.

The first consortium is led by Scatec and has been awarded NOK 79 million to develop the world's first large-scale hybrid hydro and floating solar power plant. At the same time, the partners will develop a unique platform for planning, dimensioning, design, optimization, and operation of hybrid power plants. In addition to Ocean Sun and Scatec, Prediktor, SINTEF Energi, IFE and Solenergiklyngen are also part of the consortium. Ocean Sun's part of the grant is ~8.5 million NOK with 60% contribution over 3 years starting from Q1'2021.

The second consortium, AluGreen, is led by Norsk Hydro and will explore, develop, and pilot high value circular Aluminum (Al) products, based on recyclable aluminum and renewable energy. The total grant for the consortium is NOK 77 million. Ocean Sun is part of a work package focusing on Subsea cables for energy distribution together with Hydro, Nexans, Metalco, Statnett and the research institutions Sintef and NTNU.



– Rikard Mikalsen , PhD and European patent attorney,
Senior Partner at Zacco



Market update

Southeast Asia

- Rystad Energy forecasts that Southeast Asia will be the dominating region for floating solar with a pipeline of projects amounting to 16 GWp
- Ocean Sun is well positioned in the region with local demonstration systems and our technology's unique possibility to withstand strong wind.
- Southeast Asia has been heavily affected by the global pandemic and many countries have experienced long periods of lockdowns and travel restrictions, which has hindered Ocean Sun's activities in the region.
- Continuously good development regarding opportunities in the region, especially in countries such as Singapore and the Philippines.

Northeast Asia

- NE Asia represents >70% of the installed capacity of floating solar to date and will continue to dominate the global market for years to come.
- The Yantai project is a door opener to the Chinese market positioning Ocean Sun for utility scale installation. The interest in OS Technology in the region is very high.
- While progress on the Seamangeum project continues to be slow, Ocean Sun is working on a demonstration system for one of Korea's largest utilities at an alternative site. The system will be important for acceptance of the technology in the Korean market.

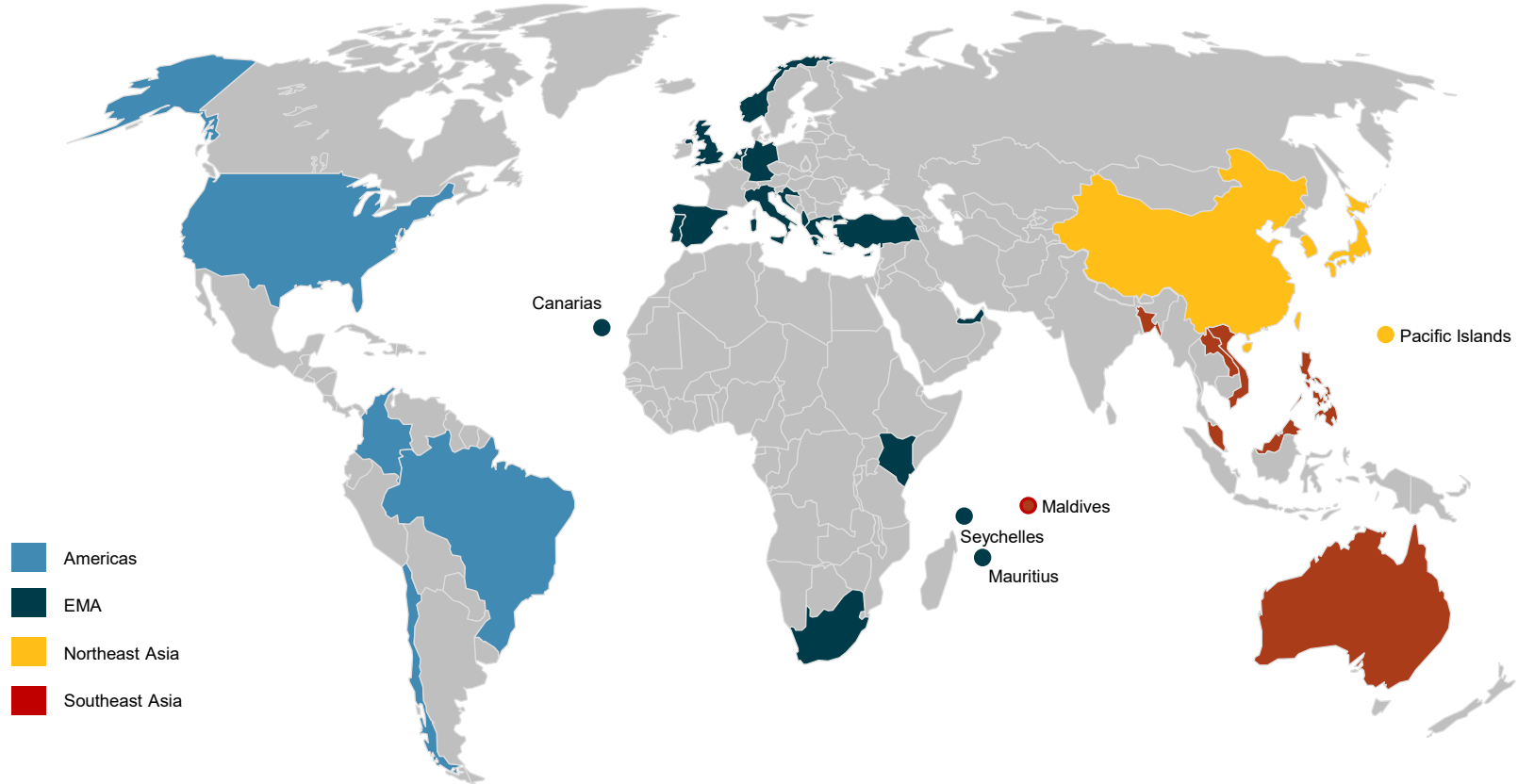
Americas

- South American countries such as Brazil, Colombia and Mexico have promising opportunities for hydro/solar projects due to large dependencies on hydro and problems with draught and fluctuating energy prices.
- As previously communicated Ocean Sun is collaborating with an experienced partner in the region. The collaboration extends Ocean Sun's reach and has identified several interesting opportunities which are further explored.
- Further, Ocean Sun is currently in discussions regarding several different projects in Colombia, including one of Colombia's largest power utilities to create a pilot system on one of their hydropower reservoirs.

EMA

- Large interest and ongoing project discussion in different phases for projects in Germany, Netherlands, Portugal, Turkey and Greece.
- Greek partner, MP Quantum Group (MP), continues to make good progress with the initial pilot system and future utility scale installations.
- In Africa, Ocean Sun is collaborating with a local partner as well as international finance institutions for several projects.

Ocean Sun is truly a global company with project discussions on all continents



Financials

- Profit and loss
- Balance sheet
- Cash flow
- Equity statement

Income Statement					
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
NOK'000	Q3'2021	Q3'2020	YTD Sep21	YTD Sep20	FY2020
Revenue	-	-	25	718	1 146
Contributions	1 163	739	4 742	3 914	4 983
Total revenue	1 163	739	4 767	4 632	6 129
Materials & consumables	(823)	(265)	(2 922)	(1 661)	(2 946)
Personnel costs	(2 807)	(2 504)	(6 960)	(6 109)	(8 474)
Other operating exp.	(2 804)	(1 007)	(7 544)	(3 846)	(5 390)
Depreciation	(5)	(4)	(14)	(11)	(15)
Operating result	(5 276)	(3 040)	(12 673)	(6 995)	(10 695)
Net financials	(3)	2	(51)	105	172
Result before tax	(5 278)	(3 038)	(12 724)	(6 890)	(10 524)
Income tax	-	-	-	-	-
Result of the period	(5 278)	(3 038)	(12 724)	(6 890)	(10 524)

For accounting principles, please refer to Annual report 2020.

Comments to the income statement

Total revenue amounted to NOK 1.2 million in Q3'2021 and relates to R&D contribution from the BOOST project as well as from the Research Council of Norway.

The year-on-year cost base has increase in Q3 primarily as a result of business upscaling. Personnel costs increased due to two new employees in Norway during 2021. External consultants have also been engaged driving the cost of Materials and consumables up. The increase in Other Operating Expenses is explained by an expansion of Ocean Sun's China office as well as higher spending on legal, recruitment and a new office in Norway.

Balance sheet

	<i>Unaudited</i>	<i>Audited</i>
NOK'000	30.09.2021	31.12.2020
Assets		
Office equipment	42	56
Investments in subsidiaries	280	280
Total fixed assets	322	336
Accounts receivables	16	-
Other receivables	7 566	7 326
Cash and cash equivalents	83 189	94 951
Total current assets	90 771	102 277
Total assets	91 093	102 613
Equity and liabilities		
Total equity	87 386	100 166
Accounts payable	889	639
Public duties payable	283	590
Other short-term liabilities	2 535	1 218
Total current liabilities	3 708	2 447
Total liabilities	3 708	2 447
Total equity and liabilities	91 093	102 613

For accounting principles, please refer to Annual report 2020.

Comments to the balance sheet 30.09.2021

Cash and cash equivalents amounted to ~83 million as per 30.09.2021, of which NOK0.8 million was restricted cash.

Equity ratio amounted to 96% and the Company had no interest-bearing debt. Ocean Sun is well capitalized with available liquidity to support future growth.

Other receivables included receivables for material purchased on behalf of customers as well as accrued revenue related to R&D projects.

Other short-term liabilities consisted of provisions for personnel expenses as well as prepayment of the EIC grant related to the BOOST project.

Cash flow statement

	<i>Unaudited</i> 01.07- 30.09.2021	<i>Unaudited</i> 01.01- 30.09.2021	<i>Audited</i> 01.01- 31.12.2020
NOK'000			
Net income	(5 278)	(12 724)	(10 524)
Depreciation	5	14	15
Change in accounts receivables	30	(16)	11
Change in accounts payables	396	250	(119)
Change in other operating assets	(1 266)	771	(4 349)
Cash flow from operating activities	(6 115)	(11 706)	(14 966)
Investment in subsidiaries	-	-	(250)
Office equipment	-	0	(34)
Cash flow from investing activities	-	0	(284)
Share capital increase	-	-	102 017
Costs associated with share capital increase	-	-	(6 326)
Purchase of own shares	-	(56)	-
Cash flow from financing activities	-	(56)	95 691
Net cash flow in the period	(6 115)	(11 762)	80 441
Cash and cash equivalents at the beginning of the period	89 303	94 951	14 510
Cash and cash equivalents at the end of the period	83 189	83 189	94 951

For accounting principles, please refer to Annual report 2020.

Cash development 01.07 - 30.09.2021

Cash flow from operations amounted to -6.1 million NOK in Q3'21. Apart from the operating loss, additional capital was tied up related to prepayments of materials on behalf of customers.

Total cash and cash equivalents as per 30.09.2021 amounted to ~NOK 83 million. The cash position of the company is sound.

Changes in equity (Unaudited)

NOK'000	Share capital	Share premium	Other equity	Uncovered losses	Total
At 1st of January 2021	450	128 023	-	(28 307)	100 166
Profit/Loss for the period	-	-	-	(7 445)	(7 445)
Purchase of own shares	-	-	(56)	-	(56)
At 1 July 2021	450	128 023	(56)	(35 752)	92 664
Profit/Loss for the period	-	-	-	(5 278)	(5 278)
At 30 September 2021	450	128 023	(56)	(41 031)	87 386

For accounting principles, please refer to Annual report 2020.

Appendix

- Share information

About the Share

Ocean Sun is since 26th of October 2020 listed on Euronext Growth Oslo under the ticker OSUN.

The listing price for Ocean Sun was NOK 18 kr per share and the price as of 30 September 2021 was NOK 17.3 kr per share.

The Company has 44,986,200 outstanding shares. The share capital as of 30th of September 2021 amounted to NOK 44,986 kr.

Contacts

Børge Bjørneklett, CEO, +47 90195778
Karl Lawenius, CFO, +47 45633881

Financial calendar

Event	Date
Q3 Report	09.11.2021
Q4 report	10.02.2022



WWW.OCEANSUN.NO