

OCEAN SUN

*WORLD LEADING TECHNOLOGY
PROVIDER TO FLOATING PV SYSTEMS*

*QUARTERLY PRESENTATION Q4 2021
10.02.2021*



- Ocean Sun in brief
- Operations and business developments
- Market update
- Financials
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A background image showing a large body of water with two workers in orange and yellow safety gear on a floating solar panel array. In the distance, there are mountains, some with snow, under a clear sky.

1 Fast-growing market

2 Unique technology for Floating PV

3 Extensive project pipeline¹

4 Scalable & asset light business model

5 Experienced & committed team

A white L-shaped graphic element consisting of two thick bars meeting at a right angle.

Operations and business developments

Project update

After some delay due to bad weather and long lead time of material, Ocean Sun and Statkraft have completed the re-installation of the first 500 kWp floater in Albania. Commissioning and connection to the grid is pending delivery of minor electrical components between floater and transformer. The remaining 1.5 MWp will be installed in a second phase later during 2022.

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 and two connected barges experienced an incident during a tornado. Following the incident, Ocean Sun has conducted a thorough root cause analysis and implemented a design for high winds and new operational practices. These have been verified by meteorologist and naval architects from well reputed third-party institutions. On 22 October 2021, Statkraft issued a Notice to Proceed for reconstructing the floater and orders for complementary materials were placed.



Project Update

In March 2021, Ocean Sun and MP Quantum Group (“MP”) entered a long-term agreement to develop floating solar based on Ocean Sun’s proprietary technology, near shore and on inland reservoirs in Greece and Cyprus. During 2021, MP worked diligently to prepare the market for utility scale projects and to prepare for the construction of a demonstration system. Work with the demonstration system is progressing nicely and the plan is to construct a 2 MWp nearshore demonstrator. When built, the system will be the largest of its kind and pave way for larger installations in the future.

In parallel with preparing for the demonstration system, MP has successfully been driving the process to simplify the regulatory framework for utility FPV in Greek waters.

As one of EU’s most southern countries, Greece has excellent solar irradiance which provides good yield for solar power investments. Further, Greece’s National Energy and Climate Plan (NECP) has established ambitious renewable energy targets highlighting plans for 35% of the energy to be derived from renewable energy sources (RES) by 2030 and to phase-out lignite-based energy production by 2028. According to HELAPCO, a non-profit organization representing the major Greek PV companies, this implies an average of 400-500 megawatts (MW) of installed PV capacity per year until 2030. With long coast lines, islands and inland water reservoirs, this provides an excellent fit with floating solar.



Project update

In the end of September 2021 Ocean Sun signed an agreement with Sunneng Technology and String Capital for the construction of a 1 MWp demonstrator system in Yantai, in the Province of Shandong, China. The project is progressing well and orders for long lead items have been placed. The plan is to start construction during Q2. With support from the Yantai Economic and Technological Development Zone, there is also substantial potential for utility-scale projects on the site going forward.

This nearshore demonstration system is unique in China and will also create local awareness and qualify Ocean Sun for utility-scale installations with other parties in China.



Project update

The Magat pilot system celebrated 2.5 years of operations during Q4 and has gone through three typhoon seasons with strong winds and high precipitation without damage or other negative impacts to the structure.

The system demonstrates good production as compared to the land-based reference system with ~10% increased output due to the cooling of the modules.

SNAP is following the performance of the system closely and views the pilot as a great success. SNAP's CEO, Joseph Yu, has also announced that SNAP intends to expand the floating solar installation on the Magat dam and are investigating and expansion of 67 MWp in a first phase¹.

Project details

The 223 kWp demonstration plant was commissioned in June 2019 and is built on the Magat Dam, located in the middle of the Philippine typhoon belt. The system is designed to withstand wind-speeds of up to 275 km/h.

1) *Joseph Yu, CEO of SNAP, Manila Standard* ([link](#))



A white L-shaped graphic element consisting of two perpendicular bars.

Market update

Southeast Asia

- Rystad Energy has forecasted that Southeast Asia will be the dominating region for floating solar with a pipeline of projects amounting to 16 GWp
- As previously communicated, the Ocean Sun technology's unique possibility to withstand strong wind and larger waves positions us favorably for upcoming projects in the region.
- Ocean Sun continues to improve its position in the region and project discussions with important players are progressing well.

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.
- Continued good dialog with several partners for utility scale projects in China. Most opportunities are near-shore and the Yantai demonstrator will be an important milestone for future contracts.
- South Korea authorities has postponed the Seamangeum project further and no development is likely during 2023.

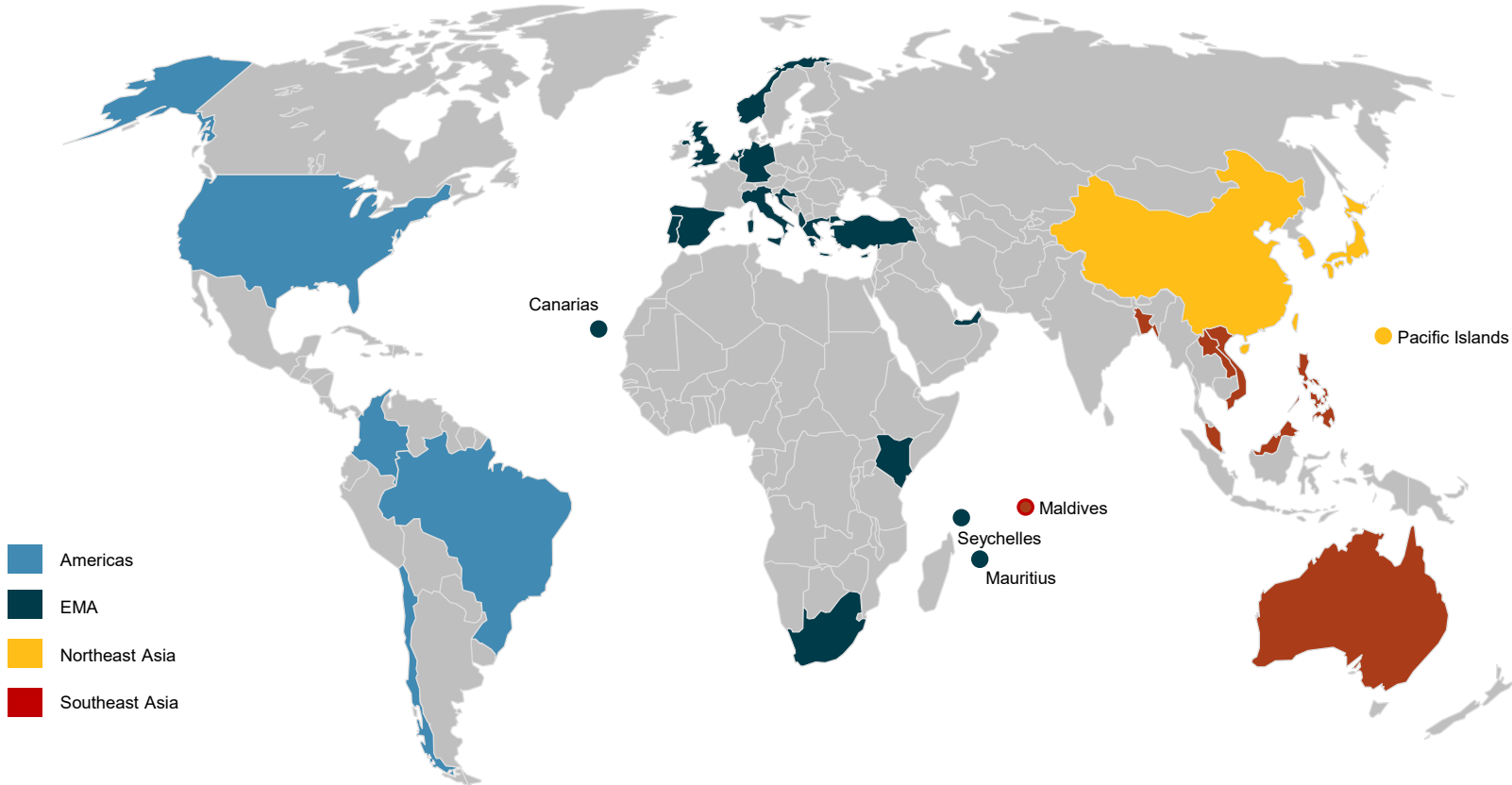
Americas

- The knowledge about floating solar in South America in general and Brazil in particular continues to increase. The country's pipeline continues to grow with both developers and power intensive businesses eyeing opportunities.
- Ocean Sun's collaboration with a local partner progress well and together we have targeted several smaller utility projects (~10-20 MWp) to pursue during 2022.

EMA

- The re-commissioning of the Banja floater and the construction of Europe's largest near shore floating solar system in Greece will provide important proof of concept for Ocean Sun in ongoing and future project dialogs in Europe.
- Interest continues to remain high for projects in Germany, Netherlands, Portugal, Turkey and Greece.

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

	<i>Unaudited Group</i>	<i>Unaudited</i>	<i>Unaudited Group</i>	<i>Audited</i>
NOK'000	Q4'2021	Q4'2020*	FY2021	FY2020*
Revenue	209	428	234	1 146
Contributions	1 622	1 069	6 370	4 983
Total revenue	1 831	1 497	6 604	6 129
Materials & consumables	(1 946)	(1 285)	(4 869)	(2 946)
Personnel costs	(4 783)	(2 367)	(14 440)	(8 474)
Other operating exp.	(1 554)	(1 544)	(6 104)	(5 390)
Depreciation	(5)	(4)	(18)	(15)
Operating result	(6 457)	(3 703)	(18 826)	(10 695)
Net financials	95	(2)	39	172
Result before tax	(6 362)	(3 704)	(18 788)	(10 524)
Income tax	6	-	(3)	-
Result of the period	(6 357)	(3 704)	(18 791)	(10 524)

*During Q4'21 Ocean Sun started to consolidate all Group companies. However, reference numbers are not consolidated as the subsidiaries of Ocean Sun AS had an immaterial effect. For full accounting principles, please refer to Annual report 2020.

Comments to income statement

Group revenue amounted to NOK 1.8 million in Q4'21 and NOK 6.6 million in the full year 2021, of which NOK 6.4 million related to R&D contribution from the BOOST project, Innovation Norway and The Research Council of Norway. Sales of NOK 0.2 million in Q4'21 relates to first installment of the Yantai demonstration system.

As the financials are consolidated in 2021, the cost items are not directly comparable on a year-on-year basis. This as cost of subsidiaries are included in Other OPEX in 2020. However, the cost base has increased in 2021 as a result of business upscaling with three new employees during 2021. In addition, external consultants have been engaged driving the cost of Materials and consumables. During 2021 the Group has also incurred higher costs related to office lease, recruitment services, patent fees and costs associated with being listed.

Balance sheet

	<i>Unaudited</i>	<i>Audited</i>
	Group	
NOK'000	31.12.2021	31.12.2020*
Assets		
Office equipment	38	56
Investments in subsidiaries	-	280
Total fixed assets	38	336
Accounts receivables	3 259	-
Other receivables	6 817	7 326
Cash and cash equivalents	76 985	94 951
Total current assets	87 060	102 277
Total assets	87 098	102 613
Equity and liabilities		
Total equity	81 214	100 166
Accounts payable	2 424	639
Tax payable	25	-
Public duties payable	56	590
Other short-term liabilities	3 379	1 218
Total current liabilities	5 884	2 447
Total liabilities	5 884	2 447
Total equity and liabilities	87 098	102 613

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Comments to balance sheet per 31.12.2021

Cash and cash equivalents amounted to ~77 million as per 31.12.2021, of which NOK0.8 million was restricted cash.

Equity ratio amounted to 93% and the Group had no interest-bearing debt. The Group is well capitalized with available liquidity to support future growth.

Accounts receivables related to invoiced materials purchased on behalf of customer at cost.

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 and board expenses as well as prepayment of the EIC grant related to the BOOST project.

Cash flow statement

	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
	Group	Group	01.01-
NOK'000	01.10-	01.01-	01.01-
	31.12.2021	31.12.2021	31.12.2020*
Net income	(6 357)	(18 791)	(10 524)
Cost share option program	8	8	
Depreciation	5	18	15
Change in accounts receivables	(3 259)	(3 259)	11
Change in accounts payables	1 675	1 785	(119)
Change in other operating assets	1 375	2 172	(4 349)
Cash flow from operating activities	(6 554)	(18 068)	(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	(6 554)	(18 124)	80 441
Cash and cash equivalents at the beginning of the period	83 536	95 095	14 510
Effects of exchange rate changes on cash and cash equivalents	2	13	-
Cash and cash equivalents at the end of the period	76 985	76 985	94 951

Cash development 01.10 - 31.12.2021

Cash flow from operations amounted to -6.6 million NOK in Q4'21. Capital tied up in accounts receivables were paid during Q1'22.

Total cash and cash equivalents as per 31.12.2021 amounted to ~NOK 77 million. The cash position of the company is sound.

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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
Effect of initial consolidation of subsidiaries	-	-	-	(112)	(112)
Profit/Loss for the period	-	-	-	(18 791)	(18 791)
Purchase of own shares	-	-	(56)	-	(56)
Share option program	-	-	7	-	7
At 31 December 2021	450	128 023	(49)	(47 210)	81 214

*During Q4'21 Ocean Sun started to consolidate all Group companies. However, reference numbers are not consolidated as the subsidiaries of Ocean Sun AS had an immaterial effect. For full accounting principles, please refer to Annual report 2020.

Appendix

- Share information
- Note: Share based incentive program

About the Share

Ocean Sun is since 26 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 31 of December 2021 was NOK 16.00 kr per share.

The Company has 44,986,200 outstanding shares. The share capital as of 31 of December 2021 amounted to NOK 44,986 kr.

Contacts

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Financial calendar

Event	Date
Annual Report	07.04.2022
Q1 Report	12.05.2022
Annual General Meeting	19.05.2022
Half Year Report	25.08.2022
Q3 Report	09.11.2022
Q4 Report	09.02.2023

Accounting policies

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 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.

Note: Share based incentive program (2/3)



Components of share-based payments in P&L

NOK'000	Q4'2021	FY2021
Cost of share options - equity settled	7	7
Social security tax share options	0	0
Total Profit and loss effect	7	7

Granted instruments 2021

Instrument	Option
Quantity 31.12.2021 (instruments)	118 956
Quantity 31.12.2021 (shares)	118 956
Contractual life*	5.0
Strike price*	15.2
Share price*	13.6
Expected lifetime*	3.6
Volatility*	47.7%
Interest rate*	1.3%
Dividend*	-
FV per instrument*	4.5

*Weighted average parameters at grant of instrument

Outstanding instruments Year End - Option

Activity	Quantity and weighted average prices	
	# instruments	Weighted Average Strike Price
	01.01.2021 - 31.12.2021	
Outstanding OB (01.01.2021)	0	0.00
Granted	118 956	15.20
Exercised	0	0.00
Released	0	0.00
Adjusted	0	0.00
Performance Adjusted	0	0.00
Cancelled	0	0.00
Terminated	0	0.00
Expired	0	0.00
Outstanding CB (31.12.2021)	118 956	15.20
Vested CB	0	0.00

Note: Share based incentive program (3/3)

Outstanding Instruments Overview

Strike price	Number of instruments	Weighted Average remaining contractual life	Weighted Average Strike Price	Vested instruments 31.12.2021	Weighted Average Strike Price
		<i>Outstanding Instruments</i>		<i>Vested Instruments</i>	
15.20	118 956	4.96	15.20	0	0.00
	118 956			0	



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