

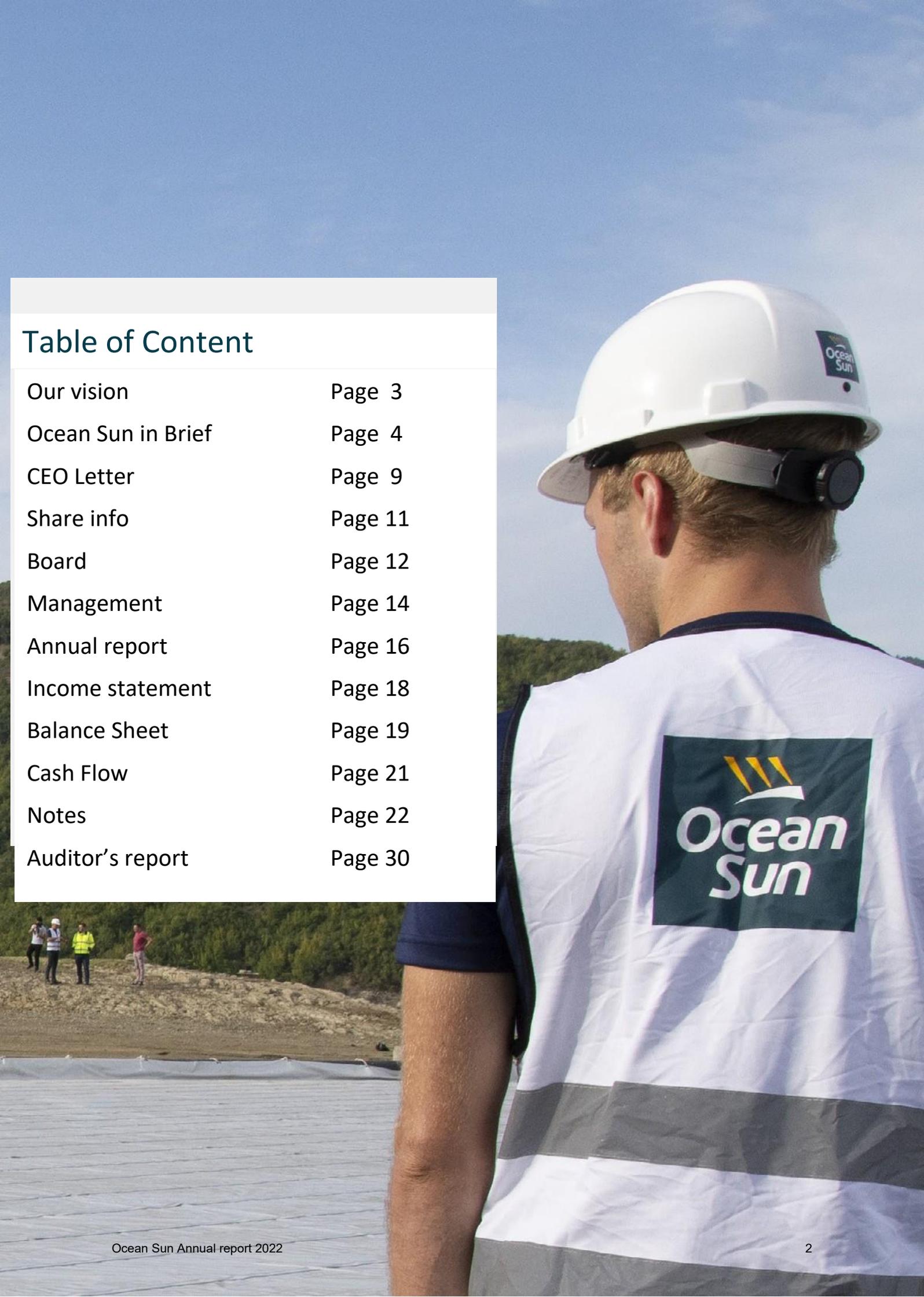


ANNUAL REPORT 2021



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Our Vision

Ocean Sun shall become the world leading technology provider to floating Photovoltaic (PV) systems.

Ocean Sun delivers proprietary technology based on photovoltaic panels mounted on a hydro-elastic membrane that minimizes the use of materials and enables direct cooling of the PV cells, increasing production efficiency. The company is offering its customers this technology, detailed design and solutions in addition to approved vendors, both key material and the installation companies.

Our Strategies

Our key focus areas are based on five main pillars:

1. **Protect & Maintain** our proprietary technology
2. **Develop & Deploy** our proprietary technology
3. **Global Partnership** for components and for EPC suppliers handling our FPV systems
4. **Large customers and Projects** – hydropower operators, energy developers and national utilities
5. **Revenue generation** – through license fees and services



Ocean Sun in brief

OCEAN SUN: A BOLD SOLUTION TO THE GLOBAL ENERGY NEEDS

Our history

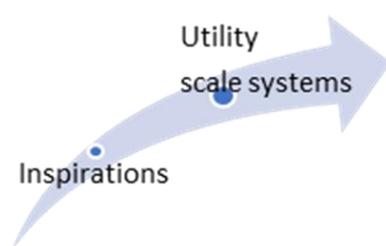
Inspired by the Norwegian Maritime heritage, OceanSun has developed a highly competitive solution for Floating PV (“FPV”).

The core innovation, a floating power system with solar panels mounted on a thin hydro elastic membrane, offers a unique solution to the world’s energy needs.

Ocean Sun’s proprietary technology offers renewable energy at world-beating cost levels, enabled by the low material use and the water body’s cooling effect, which lowers the solar panels’ operating temperature and increases their power output.

Ocean Sun owns an IPR portfolio, including patents and patent applications in all major markets. The Company does not manufacture the components but offer license agreements, whereby developers and independent power producers are granted rights to de-plot the technology for their projects around the world.

Ocean Sun was founded in 2016, based on a patent application by CEO, Dr. Børge Bjørneklett. In 2017, the Company deployed its first pilot system in the ocean outside of Bergen, Norway. Since then, the company has refined the technology, performed basin laboratory tests, third party certifications and deployed another five pilot systems around the world. As such, Ocean Sun’s technology is ready for utility scale installations.



In October 2020, Ocean Sun listed on Euronext Growth Oslo under the ticker OSUN and acquired capital to fund its further expansion. With offices in Oslo, Singapore and Shanghai, Ocean Sun is embarking on its vision to be the world’s leading technology provider of floating solar. During 2021, our focus has been on project development with a geographic spread and streamlining our supply chain in order to gear up Ocean Sun’s ability to move from smaller systems to utility scale. In addition, to build up our organizational capability to support the future growth of the company.

The need for floating solar

As the world is electrifying there is an increasing demand for, and dependency on electricity. The marine classification company DNV has forecasted that the electricity's share of the total energy mix will more than double to 45% by 2050. Simultaneously the Paris agreement and other climate commitments stress the urgency for a transformation towards renewable energy sources.

Solar power is the most promising of all renewable energy sources and global installed capacity has increased by 95 GW in just 4 years to 140 GW in 2019. Due to rapidly declining costs, solar electricity generation is expected to grow 65-fold from 1% of total electricity generation in 2016 to 40% in 2050, becoming the single largest provider of electricity in less than two decades.

However, traditional ground mounted solar systems require extensive areas of land. Land, which is a scarce commodity, especially in proximity to demand centres where the alternative cost is high as land resources could be used for other applications such as agriculture, recreational space, for forest preservation or new establishments.

On the other hand, water covers 71% of our planet's surface and most of the densely populated land areas, the electricity demand centres, are located close to water. By utilizing such water assets, Floating PV opens a new era for large scale solar power generation.

Typical global application areas for floating solar include:

Reservoirs:

Reservoirs represent a significant opportunity for floating solar. NREL has identified 7.6 Terawatts of FPV market potential, equivalent to ~50% of the worldwide electricity demand in 2018, on man-made reservoirs alone. There are several benefits with co-sitting floating solar and hydropower as: adding FPV lowers the overall system LCOE, the existing power grid infrastructure on-site can be used, FPV and hydropower are complementary on a seasonal and daily basis, a baseload of FPV electricity enables storing the hydropower capacity for peak periods and floating solar can reduce water evaporation from the water reservoir.

River and lakes

Industrial and agricultural lakes can benefit from floating solar as it can cover part nearby industries' power use without occupying valuable land.

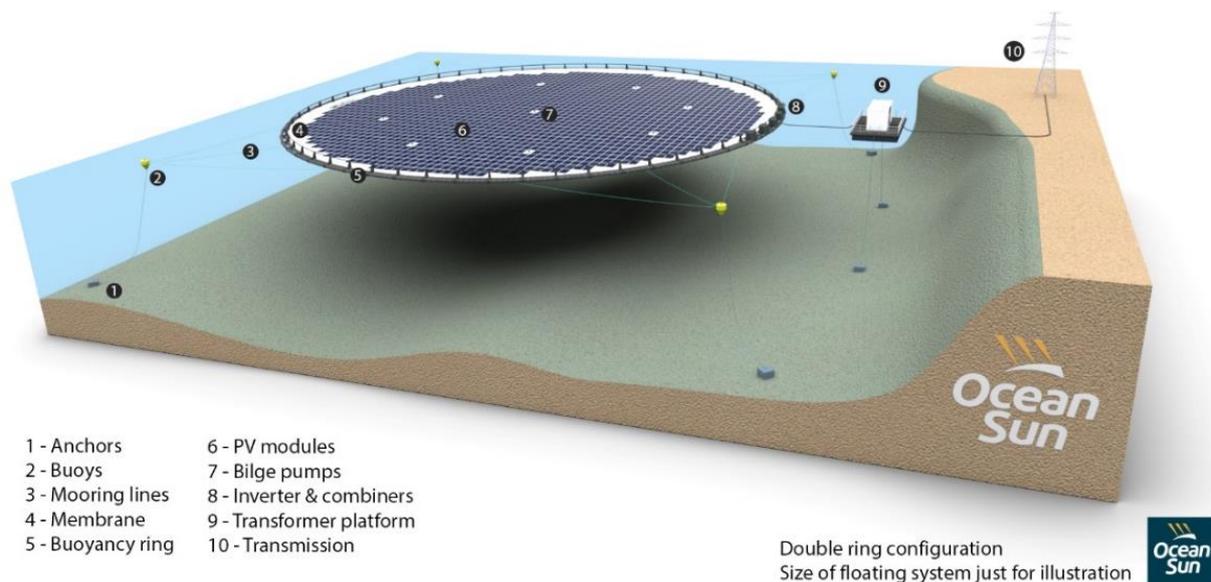
Nearshore

Nearly 2.4 billion people (~40% of the world's population) live within 100 km of the coast, often in densely populated areas with limited land resources. In addition, Island communities often lack power connection to main-land and therefore run on expensive and polluting diesel generators. As such, FPV enables clean power production closer to where the electricity is consumed and thus reduce the price of the electricity.

Offshore

In offshore environments floating solar can enable infrastructure and industrial projects such as clean hydrogen, ammonia or other e-fuel production plants or desalination facilities.

Overview of the Ocean Sun system components



Application areas for Ocean Sun systems

Ocean Sun's system uses less plastic, has a lower transportation volume and is faster to install than competing FPV systems. Consequently, Ocean Sun's system offers the lowest levelized cost of energy (LCOE) on the market and is as such highly attractive for utility scale installations. Short term, Ocean Sun expects that such installations predominantly will be installed on hydro power reservoirs where the benefits of installing floating solar are vast. Due to the system's ability to withstand higher waves and stronger winds and currents, the solution is also well suited for near- and offshore applications as well as in areas with strong winds. With this in mind, Ocean Sun has the clear objective of becoming the **World leading technology provider of floating PV systems**.

The Ocean Sun solution to floating solar offers significant benefits as no need for land, closer production to where electricity is being consumed and reduced evaporation. In addition, the innovative and patented Ocean Sun solution offers:

- Low CAPEX – our floater solution and mooring & anchoring technology is less expensive than competitive systems in the market
- High efficiency – with thermal contact with water the PV panels are essentially water-cooled
- Fast and easy installation – our welded HDPE rings and membrane technology for sliding the panels onto the membrane allows for building a ring per day
- Seaworthy – the circular shape and horizontally placed panels offer the most robust solution
- Lean transportation – most of the components can be sourced locally and the overall transportation requirement is significantly lower than alternative systems – offering a lower carbon footprint

Our project and project leads cover applications and locations such as:

Reservoirs/Rivers - Brazil



Hydropower Dams - Albania



Near shore - Greece



Densely populated - Singapore



Island States - Maldives



Water filled mines - Germany

Ocean Sun: Global provider of floating PV systems

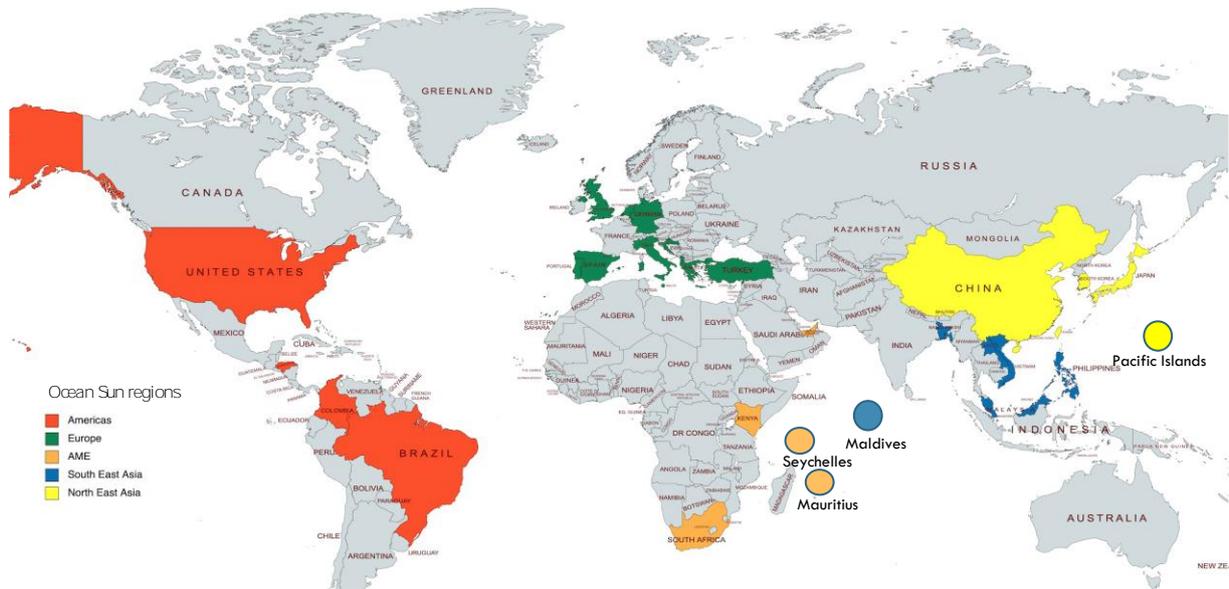
Ocean Sun experiences high interest for its solution on all continents. Ocean Sun's contracting party, i.e., the customer, can be any party in the upstream value chain but is typically the developer of the power systems.

To meet this demand the company has adopted a scalable business model which leverages Ocean Sun's unique expertise and patent portfolio. In this business model, Ocean Sun can be described as an architect of the floating solar powerplant providing the design of the system. In addition, Ocean Sun has built up the expertise for mooring and anchoring analysis for each individual site, using advanced model simulations based on accurate metocean data. The company earns its revenues from license fees payable as a one-time fee per Wp (Watt Peak) installed as well as FEED services connected to the site analysis. The Ocean Sun solution uses readily available materials with the flexibility to choose between several world-leading suppliers. Installation is carried out by third-party contractors and as the solution is easy to install, this can be performed by a broad range of contractors worldwide.

Geographical reach

The chosen business model enables 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 realize larger projects. Through its three offices, Ocean Sun currently has more than 50 ongoing discussions at different stages in the project development, amounting to more than 5 GWp of pipeline value, with potential clients all over the world.

Our current projects and project leads: Ocean Sun is truly a Global Company



Letter from the CEO

2021 was an exciting year in Ocean Sun. Fighting our way through airports during the pandemic, we worked across borders with suppliers, and we designed, assembled, and launched our largest floater ever at the Banja Dam in the Albanian mountains. The beautiful and innovative floater is dominated by the extraordinary large and cool sundeck, measuring almost 4000 sqm. After the grand opening, by the Minister of Energy and other dignitaries, the energy flowed into the Albanian grid. Only a couple of days later a tornado struck the lake, and we received news of severe damage to the floater.



Coming back

Many lessons were learned from the salvage activity and the root cause analysis that followed. I'm very proud that the Ocean Sun team tackled the challenging time. After more than 6 months, all aspects were resolved in orderly fashion together with Statkraft. In the aftermath of the incident, Ocean Sun consulted the best meteorologists to predict the new expected 50-year return winds, leading naval architects were consulted to review design and mooring for the new adverse weather conditions that we now also can expect in Europe. Finally, we are very pleased that a well reputed class society verified the new design.

The process of bringing the project back on track has been thorough, with high focus on assembly, launch and mooring. Ocean Sun personnel and external specialists have followed every step of the processes, and we are now convinced that a similar accident will not happen again. The full-scale demonstrator plant consisting of four rings, a total of 2 MWp, is expected to be finalized in 2022.

Foundation for growth

The present floater in Albania represents a big step towards optimized design. For practical purposes, and easy distribution, the size of each membrane needs to fit in the standard 40-foot container. A special new mooring layout reducing the spacing between rings will increase the power density per surface area.

The first floater out of four is clearly visible on the right side of the road for anyone taking the scenic route along the lake towards the city of Gramsh. Looking over the lake it's not difficult to envisage multiple rings forming a massive power plant, covering only a fraction of the large water surface and with minimal infliction to the surrounding landscape. A high number of researchers and clients have reach out, asking to visit and see.

Bringing value to ideas

Having worked with R&D and inventions in corporate companies since the nineties I acknowledge the importance of patents. Patents, Design and Trademarks are instrumental for justifying large R&D spending. With the exponential growth of floating PV, several new companies are emerging with

different technical solutions. In the growing FPV community we welcome all new colleagues and competitors to this promising industry sector. However, we will react if we discover technologies that we believe infringe with our patents. According to IP experts, Ocean Sun is today broadly protected in the most important markets.

A long value chain

About 15 years ago I worked in REC Solar. At the time, this company covered all steps in manufacturing, from producing solar grade silicon, casting of ingots, wafers, cells and PV modules. It even developed PV plants and signed PPAs. It was a great place to learn, and Europe played an important part in the industrialisation. As we all know, manufacturing eventually moved to Asia. Therefore, Ocean Sun is today also present in both Singapore and Shanghai. We need to work closely with high volume supply chain, but also to serve perhaps one of the most important markets for floating PV there. Lately, we also see encouraging signs of that the industry perhaps will expand more in Europe and USA. The industry generates a lot of jobs in nearly every discipline, everything from installing solar modules to research. Local production will shave cost for logistics and make solar an even more obvious choice. The tragic war in Ukraine and potential consequences for traditional fossil fuel distribution will spark policy makers to seek more safe and environmentally friendly energy sources. We know Ocean Sun can make an important contribution to this.

In China we entered a contract with Sunneng Technology and String Capital, to construct a demo system outside the city of Yantai, in Bohay bay. The deal in January 2022 with MP Quantum group in Greece was also a milestone. Another agreement was entered in March 2022 in with Sunseap in Singapore Strait for 1,2 MWp. We are very pleased that large important companies recognise the Ocean Sun technology. Further development near shore to cities will have profound impact on access to affordable and clean energy for a huge population.

With increasing activity, it is important to refine the asset light business model and standardise our product offering. Ocean Sun will focus on the FEED phase, product design as well as local requirements for mooring. In addition, we will assist EPCs and Developers in their work to acquire approved components and to construct the plants. We also assist with commissioning, planned inspections and general O&M. We are also engaged in several R&D programmes with other companies and research institutions. The latter is crucial for further optimisation and continuous improvement.

Lastly, I wish to thank all Ocean Sun employees for the extraordinary efforts the last year. On behalf of Ocean Sun, I extend my thanks to all partners and clients. Unfortunately, shareholders saw dwindling valuation in 2021. However, Ocean Sun is stronger now and we firmly believe better days are ahead.

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 18.00 per share and the price as of 31 December 2021 was NOK 16.00. The Company has 44,986,200 outstanding shares. The share capital as of 31st of December 2020 amounted to NOK 449,862.

Share information

Number of shares;	44,986,200
Votes:	44,986,200
Number of shareholders	1,394
Listing price	NOK 18.00
Highest price 2021	NOK 57.50
Lowest price 2021	NOK 13.14
Market cap as of 31.12.2021	NOK 719 779 200
Auditor	Ernst & Young AS

Financial calendar 2021

Event	Date
Q1 Report	12.05.2022
AGM	19.05.2022
Q2 Report/ Half year	25.08.2022
Q3 Report	09.11.2022

TOP 20 shareholders

as of 25th of March 2022

Name	Ownership	Shares
DR.ING. BØRGE BJØRNEKLETT AS	20,55 %	9 242 500
KVANTIA AS	16,15 %	7 264 100
PROGRESSI AS	14,06 %	6 326 100
UMOE AS	8,89 %	4 000 000
INGULSTAD HOLDING AS	5,69 %	2 560 500
MP PENSJON PK	4,49 %	2 017 966
SAUAR INVEST AS	3,32 %	1 492 784
Goldman Sachs & Co. LLC	2,35 %	1 057 010
UBS AG	2,13 %	959 000
Morgan Stanley & Co. Int. Plc.	1,57 %	707 393
CACEIS Bank	1,37 %	614 202
CAABY AS	1,19 %	535 700
Nordnet Bank AB	1,14 %	512 005
The Northern Trust Comp, London Br	0,93 %	418 985
Bkraft Holding AS	0,86 %	389 000
NORDNET LIVSFORSIKRING AS	0,77 %	344 288
Morgan Stanley & Co. LLC	0,69 %	309 957
Saxo Bank A/S	0,60 %	269 330
J.P. Morgan Securities LLC	0,56 %	251 500
FORTE TRØNDER	0,56 %	250 000

BOARD



Thomas Moe Børseth

Chairman – No. shares: Representing Umoe, 4,000,000

EVP in the investment firm Umoe. Primary focus in 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.



Dr. Børge Bjørneklett

Board member – No. shares: 9,444,400

Founder & CEO - Inventor of the patented solution.

20+ years of Tech management experience from automotive, solar and offshore industries, ex. VP of Technology and Innovation Aker Solutions and Technology Manager REC Solar.

Ph.D. Materials Science, NTNU.



Brian Glover

Board member – No. shares: 368,000

Specialized in sustainable investment and has a history as Project Manager for renewable power supply in hydropower, wind, and solar PV. Founded multiple successful small businesses.

Ph. D in hydraulics.



Anne Vera Skrivarhaug

Board member – No. shares: 3.183

Experienced leader with solid international experience of the energy sector from top management positions in NVE and Statkraft in addition to several board engagements.

M. Sc in Energy Management & Policy from L’Institut Francais du Pétrole (L’IFP) and University of Pennsylvania, USA. Business courses at the Wharton School in Pennsylvania.

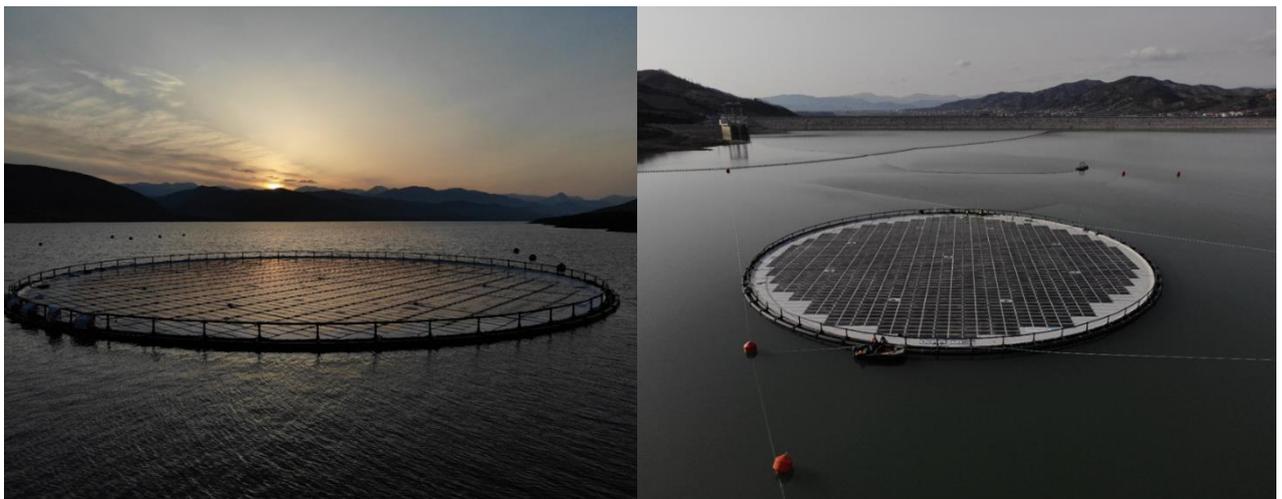


Kristin Åbyholm

Board member – No. shares: Representing Kvantia (7,264,100) and Caaby (585,700)

15+ years of management and sales experience from IT-solution companies, in addition to board engagements in Halodi Robotics and Skitude.

M. Sc in Data Science from the Norwegian Technical University in Trondheim (NTNU) and an Executive Master from the Norwegian Business School (BI).



MANAGEMENT



Dr. Børge Bjørneklett

Founder & CEO – No. shares: 9,444,400

Inventor of the patented solution.

20+ years of Tech management experience from automotive, solar and offshore industries, ex. VP of Technology and Innovation Aker Solutions and Technology Manager REC Solar.

Ph.D. Materials Science, NTNU.



Karl Lawenius

CFO – No. shares: 201,900

6+ 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.



Kristian Tørvold

Director NE Asia – No. shares: 201,900

10+ years' experience from energy and offshore industries in NE Asia ex. as Partner in EntryPoint and Finance Manager in Modex Group.

Master of Science in Finance & Economics, Fudan University.



Alexander Telje

CCO – No. shares: 85,000

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

MBA Management & Organization, USC.



Are Gløersen

Director SE Asia – No. shares: 201,900

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

Master of Science in Astronautical Engineering, HiN.



Dr. Nenad Keseric

COO – No. shares: 600

15+ years of operational and executive experience from the broad energy industry within major international companies like Verbund, Statkraft and Equinor (ex. Statoil)

Ph.D. Energy Economics, Vienna University of Technology

Board of the directors' report

Business model and strategy

Ocean Sun has designed and developed a superior technology for floating solar power. The design principle and methodology are broadly patented. Our IP portfolio is partly registered or pending in most of the relevant markets around the world. Ocean Sun does not install, own, or operate the power plants, but is a technology provider offering an approved list of equipment. The company has also developed an efficient methodology for installation, commissioning, as well as O&M and inspections.

The company's main revenue will be license fees from technology licensing agreements and service payments. Ocean Sun also offers Front End Engineering Design (FEED) to prospective customers to help them utilise Ocean Sun's technology. Ocean Sun also offers a design solution and access to lists of approved equipment providers and approved installation companies. Several customers are also interested in procuring Front End Engineering Design (FEED) from Ocean Sun to contribute to an efficient decision process. As markets mature and the product becomes better known, the Board expects revenues from license holders to take on a larger and larger share of total revenues, whereas the share related to governmental funded R&D projects will decline correspondingly.

Ocean Sun comprises the parent company in Oslo, and two fully owned subsidiaries registered in Singapore and Shanghai, China.

Outlook

2021 was a year of ups and downs for Ocean Sun. The pilot at the Banja reservoir in Albania was struck by an unexpected tornado in June, resulting in damage to the floater. The incident has been thoroughly investigated both by Ocean Sun and our customer Statkraft, resulting in a number of operational, procedural and design changes have been implemented. Most important is the new meteorological data for the higher 50-year return wind speed. A new ring has been installed at Banja and will soon be operational, and we expect another 3 identical rings to be installed later during 2022.

Covid 19 and the ensuing restrictions on international travel, in particular in Southeast Asia, limited our ability to meet with prospective customers in person. We were still able to sign a ground breaking contracts in Yantai, China (1 MWp). The installation is scheduled for 2022.

Management and the Board of Directors expect that several new markets will be entered for 2022.

The board believes the successful installation and handover of the first production unit in Albania will open the door for other contracts

Moreover, the board believes that both the current global energy crisis as well as global objectives for the reduction of CO₂ emissions will drive an even higher demand for renewable energy production. In many countries, we should expect a streamlining and shortening of project approval processes which until now has been a delaying factor on the growth of floating PV.

Financial results.

The 4th quarter 2021 report was the first consolidated report for the Ocean Sun Group. The 2021 full year consolidated financial statement is showing the accounts for both the parent company and the group, compared to 2020 (in brackets). The accounts have therefore been reclassified compared with previous statements.

The consolidated operating income in 2021 amounted to 6.6 mNOK (6.1 mNOK) for the group, and to 6.6 mNOK (6.1 mNOK) for the parent company. The consolidated net loss was -18.8 mNOK (-10.7 mNOK) for the group, and -19.1 mNOK (-10.5 mNOK) for the parent company. The increase in loss is mainly due to increase in R&D and sales activities.

At year-end the group cash amounted to 77 mNOK (95.1 mNOK). Total Equity for the parent company was 81.1 mNOK (100.2 mNOK)

The Ocean Sun Group is now in the demonstration phase for our technology and licence fee income is just beginning to kick in, and is expected to grow in 2022 and going forward.

In accordance with §3-3a of the Norwegian Accounting Act, the Board of Directors confirms that the going concern assumption on which the financial statements have been prepared, is appropriate.

Work Environment

In our opinion, the working environment in the company is good. The company had no work-related injuries in 2021.

Organisation and Equality

The average number of employees in the group was 10 in 2021, 9 male and 1 female. The Board consists of 5 members, 3 male and 2 female.

Environmental

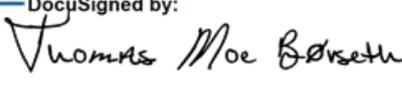
The group is committed to delivering the best floating solar power solutions to meet the needs of its clients for renewable energy production. Our floater solution is considered efficient in minimal use of materials for achieving buoyancy, as well as being efficient in packing of containers.

The incident which caused a failure at Banja caused no injury and has been independently reviewed. Salvage operations are planned, and improvements made to avoid recurrence. The group does not pollute the external environment, apart from necessary travel related activities. Wide use of internet communication is practiced at all levels to minimise necessary travel.

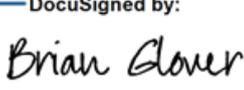
Director and Officer liability insurance.

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

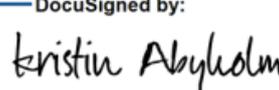
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Thomas Moe Børseth
Chair person

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Brian Glover
Board member

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Kristin Åbyholm
Board member

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Anne Vera Skriverhaug
Board member

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Børge Bjørneklett
Board member and CEO

Income Statement 2021

Ocean Sun

Ocean Sun AS		Currency: NOK		Ocean Sun group	
2021	2020 Note			2021	2020
Income					
234 308	1 146 349	2	Revenue	238 398	1 146 349
6 363 593	4 982 883	2	Other income	6 369 932	4 987 405
6 597 901	6 129 232		Total operating income	6 608 330	6 133 754
Operating expenses					
-10 377 583	-8 474 441	3	Employee cost	-13 889 083	-10 723 337
-18 072	-15 099		Depreciation	-18 072	-15 099
-15 307 185	-8 335 098	4	Other Operating expenses	-11 503 488	-6 343 372
-25 702 840	-16 824 638		Total operating expenses	-25 410 643	-17 081 808
Financial income					
134 597	72 833	5	Interest income	141 436	151 668
21 531	174 977	5	Other financial income	21 531	174 977
156 128	247 810		Total financial income	162 967	326 645
Financial expenses					
-3 803	-1 453	5	Interest expenses	-3 803	-1 453
-99 526	-74 497	5	Other financial expenses	-117 990	-82 793
-103 329	-75 950		Total financial expenses	-121 793	-84 246
52 799	171 860		Net financial items	41 173	242 398
-19 052 141	-10 523 546		Result before taxes	-18 761 140	-10 705 656
		6	Taxes	-3 697	
-19 052 141	-10 523 546		Result after taxes	-18 764 837	-10 705 656
-19 052 141	-10 523 546		Trasferred to accumulated losses	-18 764 837	-10 705 656
-19 052 141	-10 523 546		Total transfers and allocations	-18 764 837	-10 705 656

Balance Sheet December 31.2021

Ocean Sun

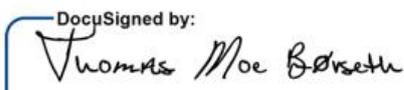
Ocean Sun AS			Ocean Sun group	
31.12.2021	31.12.2020	Notes	31.12.2021	31.12.2020
Currency: NOK				
Assets				
Non-current assets				
Tangible non-current assets				
37 559	55 631		37 559	55 631
37 559	55 631		37 559	55 631
Other non-current assets				
280 001	280 001	7	0	0
280 001	280 001		0	0
317 560	335 632		37 559	55 631
Current assets				
Receivables				
0		10	0	0
10 679 457	7 326 124	8,9,10	10 761 313	7 377 667
10 679 457	7 326 124		10 761 312	7 377 668
Cash and equivalents				
76 529 588	94 950 744	11	76 991 267	95 095 959
76 529 588	94 950 744		76 991 267	95 095 959
87 209 045	102 276 868		87 752 580	102 473 626
87 526 605	102 612 500		87 790 139	102 529 257

Balance Sheet December 31.2021

Ocean Sun

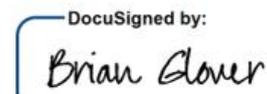
Ocean Sun AS		Ocean Sun group	
31.12.2021	31.12.2020 Notes	31.12.2021	31.12.2020
Currency: NOK			
Equity and liabilities			
Equity			
Paid in capital			
449 862	449 862	449 862	449 862
-300	0	-300	0
128 022 849	128 022 849	128 022 849	128 022 849
128 472 411	128 472 711	128 472 411	128 472 711
Retained earnings			
0	0	50 645	-16 146
-47 414 953	-28 307 012	-47 305 531	-28 541 868
-47 414 953	-28 307 012	-47 254 886	-28 558 014
81 057 458	100 165 699	81 217 525	99 914 698
Liabilities			
Non-current liabilities			
0	0	0	22 049
0	0	0	22 049
Current liabilities			
2 577 992	638 849	2 454 949	645 598
672 695	590 159	672 695	590 159
3 218 459	1 217 792	3 444 969	1 356 755
6 469 147	2 446 800	6 572 614	2 592 511
6 469 147	2 446 800	6 572 614	2 614 560
87 526 605	102 612 500	87 790 139	102 529 257

Fornebu 6th of April 2022

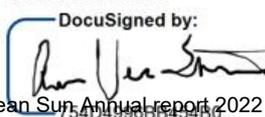
DocuSigned by:

 Thomas Moe Børseth
 Chair person

DocuSigned by:

 Borge Bjørnseth
 Board member & CEO

DocuSigned by:

 Brian Glover
 Board member

Anne V. Skrivarhaug
 Board member

DocuSigned by:

 Anne V. Skrivarhaug
 Board member

Kristin S. Åbyholm
 Board member

DocuSigned by:

 Kristin S. Åbyholm
 Board member

Cash flow statement Ocean Sun

Ocean Sun AS			Ocean Sun Group	
2021	2020		2021	2020
		Operating activities		
-19 052 141	-10 523 531	Result before tax	-18 764 837	-10 705 656
18 072	15 084	Depreciations	18 072	15 099
0	10 508	Change in accounts receivables	-129 845	10 508
-3 353 337	0	Change in other current assets	-3 383 645	0
1 939 143	-118 639	Change in accounts payable	1 939 194	-118 639
2 083 204	-4 349 472	Change in other current liabilities	2 272 466	-4 349 472
-18 365 060	-14 966 050	Cash flow from operating activities	-18 048 595	-15 148 160
		Investments		
0	-250 001	Investments in subsidiaries	0	0
0	-34 275	Other investments	0	0
0	-284 276	Cash flow from investment activities	0	0
		Finance		
0	102 016 795	Proceeds from issuance of share capital	0	102 016 795
0	-6 325 506	Costs associated with share capital inc	0	-6 325 498
-56 096	0	Change in other financing activities	-56 096	0
-56 096	95 691 289	Cash flow from financing activities	-56 096	95 691 297
-18 421 156	80 440 963	Net cash flow in the period	-18 104 692	80 543 137
		Cash and cash equivalents at the beginning of the period		
94 950 744	14 509 781		95 095 959	14 552 822
		Cash and cash equivalents at the end of the period		
76 529 588	94 950 744		76 991 267	95 095 959

Note 1 ACCOUNTING PRINCIPLES

Basis for preparations

The annual accounts have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles. This is the first time the company has prepared consolidated accounts. This is done because the company now have 2 fully operational subsidiaries, one in Shanghai, China and one in Singapore. Due to the consolidation the accounts for both 2020 and 2021 are not fully comparable with prior year report. All intercompany transactions have been eliminated for both years.

Sales revenue

The company's main revenue will be license fees from technology licensing agreements and also service revenues related to design, analysis and training. Revenue from license fees is recognized on signing. Services are recognized as revenue as they are provided based. In the case of any sales of goods takes the revenue is recognized at the time of delivery.

Raw materials and consumables

The business model does not include procurement of goods for re-sale. Occasionally the company will buy 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 recognized in the balance sheet at the nominal amount at the time of establishment.

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

Receivables

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

Fixed assets

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

Shares in subsidiaries

Shares in subsidiaries are 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.

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 recognized 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 with developing its novel technology. For such activities, the company partly rely on grants, which is why such grants are recognized on a gross basis. Government grants recognition is based on the principle Percentage of Completion (PoC) on estimated cost to complete.

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.

Share-based payments

Some employees of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments. This program 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 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% on the basis of the temporary differences that exist between accounting and tax values, as well as tax losses carried forward at the end of the financial year. 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.

Notes to financial statement Ocean Sun

Ocean Sun AS

All figures in NOK

Ocean Sun group

Note 2: License revenue and other income

Ocean Sun AS			Ocean Sun group		
2021	2020	Type of revenue	2021	2020	
234 308	1 146 349	License revenue	238 398	1 146 349	
984 335	617 000	Skattefunn	984 335	617 000	
3 536 115	0	Grants from EU, BOOST Project	3 536 115	0	
1 843 143	4 365 883	Grants from Innovation Norway	1 843 143	4 365 883	
0	0	Other	6 339	4 522	
6 597 901	6 129 232	Total revenue and other income	6 608 330	6 133 754	

Geographical license revenue

Ocean Sun AS			Ocean Sun group		
2021	2020	Type of revenue	2021	2020	
	1 146 349	Phillippines		1 146 349	
25 000	0	Norway	25 000	0	
209 307	0	China	213 398	0	
234 308	1 146 349	Total licens revenue	238 398	1 146 349	

Note 3: Remuneration

Ocean Sun AS			Ocean Sun group	
2021	2020	Salary and personnel cost	2021	2020
8 521 312	7 493 631	Salary	12 032 812	9 742 527
1 256 217	1 027 665	AGA (Public charges)	1 256 217	1 027 665
430 042	152 831	Pension cost	430 042	152 831
170 012	-199 686	Other	170 012	-199 686
10 377 583	8 474 441	Total Salary and personnel cost	13 889 083	10 723 337

Ocean Sun AS pension scheme is 4 % of annual salary up to 7,1 G (G was NOK 106 399 for 2021) and 10 % of salary between 7,1 G and 12 G

Renumeration 2021 for CEO and Board members	Salary	Pension	Other
CEO Børge Bjørneklett	1 599 565	29 800	28 601
Chairperson, Thomas Børseth	65 000		
Board member, Brian Glover	52 083		
Total remuneration board members	117 083		

Auditor's fee, Ocean Sun AS	2021	2020
Audit	215 000	38 200
Other services	92 398	120 502
Services related to share capital increase	0	93 970
Total auditor's fee Ocean Sun AS	307 398	252 672

Number of full-time equivalents	2021	2020
Ocean Sun AS	7	6
Subsidiaries	3	1
Total	10	7

Note 4 Other operating expenses

Ocean Sun AS			Ocean Sun group	
2021	2020		2021	2021
1 004 339	602 444	Facility cost, IT, etc	1 117 027	649 944
2 206 326	825 154	Legal, auditors, accounting, etc	2 351 327	958 806
5 057 482	2 058 716	Consultants, testing and patents	5 057 482	2 058 716
4 508 014	2 175 039	Subsidiaries	0	0
1 415 089	1 405 428	Materials for development and testing	1 460 089	1 405 428
1 115 935	1 268 317	Other	1 517 563	1 270 478
15 307 185	8 335 098	Other operating expenses	11 503 488	6 343 372

Note 5 Financial items

Ocean Sun AS			Ocean Sun group	
2021	2020	Finance income	2021	2020
134 597	72 833	Interest income	141 436	151 668
21 530	174 977	Agio	21 531	174 977
156 127	247 810	Total Finance income	162 967	326 645
2021	2020	Finance expenses	2021	2020
-3 803	-1 453	Interest Expenses	-3 803	-1 453
-99 526	-74 497	Diagio	-117 990	-82 793
-103 329	-75 950	Total finance expenses	-121 793	-84 246

Note 6 Taxes

Ocean Sun AS	2021	2020
This year's loss	-19 052 141	-10 523 546
+/- Permanent differences	2 429	-6 947 570
+/- This years change in temporary differences	-27 904	-4 607
Tax base of the year	-19 077 616	-17 475 723

Tax expenses in the income statement	0	0
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Tax payable in the balance Sheet	0	0
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Ocean Sun Group	2021	2020
Ocean Sun China Comp. Ltd., Tax expenses in the income statement	-3 697	0

Temporary differences	31.12.2021	31.12.2020	Change
Fixed assets	37 559	9 655	-27 904
Loss carried forward	-57 875 220	-37 813 269	20 061 951
Net temporary variances	-57 837 662	-37 803 614	20 034 047
Loss carried forward not recognized as DTA	57 837 662	37 803 614	-20 034 047
Total temporary differences	0	0	0
Deferred tax assets 31.12.2021 based on 22 % tax rate	0	0	0

The Company has NOK 57 875 220 (2020: NOK 37 813 269) 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.

Note 7 subsidiaries

Company name	Office	Share	Equity	Net profit
Ocean Sun Systems AS	Norway	100 %	11 547	23 145
Ocean Sun China Co. Ltd	China	100 %	336 575	298 854
Ocean Sun Pte. Ltd	Singapore	100 %	91 000	77 037

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

Note 8 Intercompany balances

Ocean Sun AS, debt to:	Balance 31.12.2021
Ocean Sun Pte Ltd	NOK 129 871

Note 9 intercompany transactions

Invoices to Ocean Sun AS, from:

The subsidiaries in China and Singapore operates on a cost-plus basis.

	Amount	Net profit
Ocean Sun Systems AS	43 506	23 145
Ocean Sun China Co. Ltd	2 701 342	294 854
Ocean Sun Pte. Ltd	1 870 898	77 037

Note 10 Accounts receivables and other receivables 2021

Ocean Sun AS		Ocean Sun Group
7 517 803	Statkraft*	7 517 803
0	Accounts receivables	129 843
1 758 885	Innovation Norway	1 758 885
666 989	VAT	666 989
735 780	Other	817 635
10 679 457	Total	10 891 155

All receivables are due within a 12-month period

*This is related to the project in Albania

Note 11 Cash and Bank deposits

Ocean Sun AS			Ocean Sun group	
31.12.2021	31.12.2020		31.12.2021	31.12.2020
604 899	500 099	Restricted cash*	604 899	500 099
221 760	233 082	Bank Guarantee **	221 760	233 082
75 702 929	94 217 563	Cash	76 164 608	94 362 778
76 529 588	94 950 744	Cash and bank deposits	76 991 267	95 095 959

*Restricted cash is reserved withholding tax related to employees

**Albania project, Euro 22 201

Note 12 Patents and Trademarks

The parent company has registered the technology patents in 30 countries and with 44 pending applications

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

Note 13 Share capital and shareholders information

Ocean Sun AS		Share capital		Number of shares
				44 986 200
		Ocean Sun AS stock of treasury shares pr. 31.12.2021		30 000
		Nominal value per share		0,01
Shareholders pr 31.12.2021	Total	Ownership interest	Voting rights	
Dr.Ing. Børge Bjørneklett AS	9 242 500	20,55 %	20,55 %	
Kvatia AS	7 264 100	16,15 %	16,15 %	
Progressi AS	6 326 100	14,06 %	14,06 %	
UMOE AS	4 000 000	8,89 %	8,89 %	
Ingulstad Holding AS	2 560 500	5,69 %	5,69 %	
MP Pensjon PK	2 017 966	4,49 %	4,49 %	
Goldman Sachs & Co. LLC	1 587 860	3,53 %	3,53 %	
Sauar Invest AS	1 507 534	3,35 %	3,35 %	
CACEIS Bank	895 204	1,99 %	1,99 %	
UBS AG	759 000	1,69 %	1,69 %	
Other	8 825 436	19,62 %	19,62 %	
Total	44 986 200	100 %	100 %	

Note 14 Equity

Ocean Sun AS	Share capital	Share premium	Accumulated loss	Total equity
Equity 01.01.2021	449 862	128 022 849	-28 307 012	100 165 699
Result after tax			-19 052 141	-19 052 141
Change in treasury shares	-300		-55 800	-56 100
Equity 31.12.2021	449 562	128 022 849	-47 414 953	81 057 458

Ocean Sun Group	Share capital	Share premium	Accumulated loss	Total equity
Balance as of 01.01.2021	449 862	128 022 849	-28 558 014	99 914 698
Change in treasury shares	-300		-55 800	-56 100
Currency translation difference			123 764	123 764
Result after tax			-18 764 837	-18 764 837
Equity 31.12.2021	449 562	128 022 849	-47 254 887	81 217 525

Note 15 Share-based payments

On 15 December 2021 the board of directors granted a total of 118,956 share options to employees. Each share option gives the right to subscribe for and be allotted one share in Ocean Sun AS. The strike price of the options is set to NOK 15.2 per share, which was a 10% premium over the volume weighted average share price over the five last trading days preceding the grant date. The options will lapse if not exercised by 15 December 2026. The option grant is divided into two tranches whereby 40% vests after two years and 60% vests after three years. Further, the options are capped at three times the strike price. The terms of the options granted are in accordance with the terms presented for Ocean Sun's extraordinary general meeting held on the 11th of October 2021. Following the grant, the number of outstanding options amounts to 0.26% of the total amount of outstanding shares in Ocean Sun AS.

Employee Options	Number of shares	Grant date	Vested dated
3 employees have been granted share options, strike price NOK 15,2			
Last date to exercise the option (1st tranche)	47 582	15.12.2021	15.12.2023
Last date to exercise the option (2nd tranche)	71 374	15.12.2021	15.12.2024
Total options	118 956		

Calculation of the value of the option:

The basis for the valuation model consists of several factors which affects the calculated fair value of granted options.

The assumptions* used in the calculation are:

Ocean Sun AS	2021
Price at grant date	13,62
Exercise price	15,2
Option life	3,6
Risk-free interest rate	1,33 %
Volatility	48 %
Dividend	0

The weighted average remaining contractual life for the share options outstanding as at 31

*Weighted average parameters at grant of instrument

Note 16 Other payables

Ocean Sun AS		Ocean Sun group
31.12.2021		31.12.2021
1 819 603	Prepayment. Government grants from EU BOOST Project	1 819 603
690 386	Holiday allowance	690 386
359 402	Employee bonuses	359 402
292 382	AGA (Public charges)	292 382
56 686	Other	283 196
3 218 459	Other payables	3 444 969

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 2021, the income statement and cash flows statement 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 2021 and their financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

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

Other information

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

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

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

Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

Oslo, 6 April 2022
ERNST & YOUNG AS

The auditor's report is signed electronically

Thomas Embretsen
State Authorised Public Accountant (Norway)