Ocean Sun

A BOLD SOLUTION TO OUR GLOBAL ENERGY NEEDS

QUARTERLY PRESENTATION Q3 2022
09.11.2022

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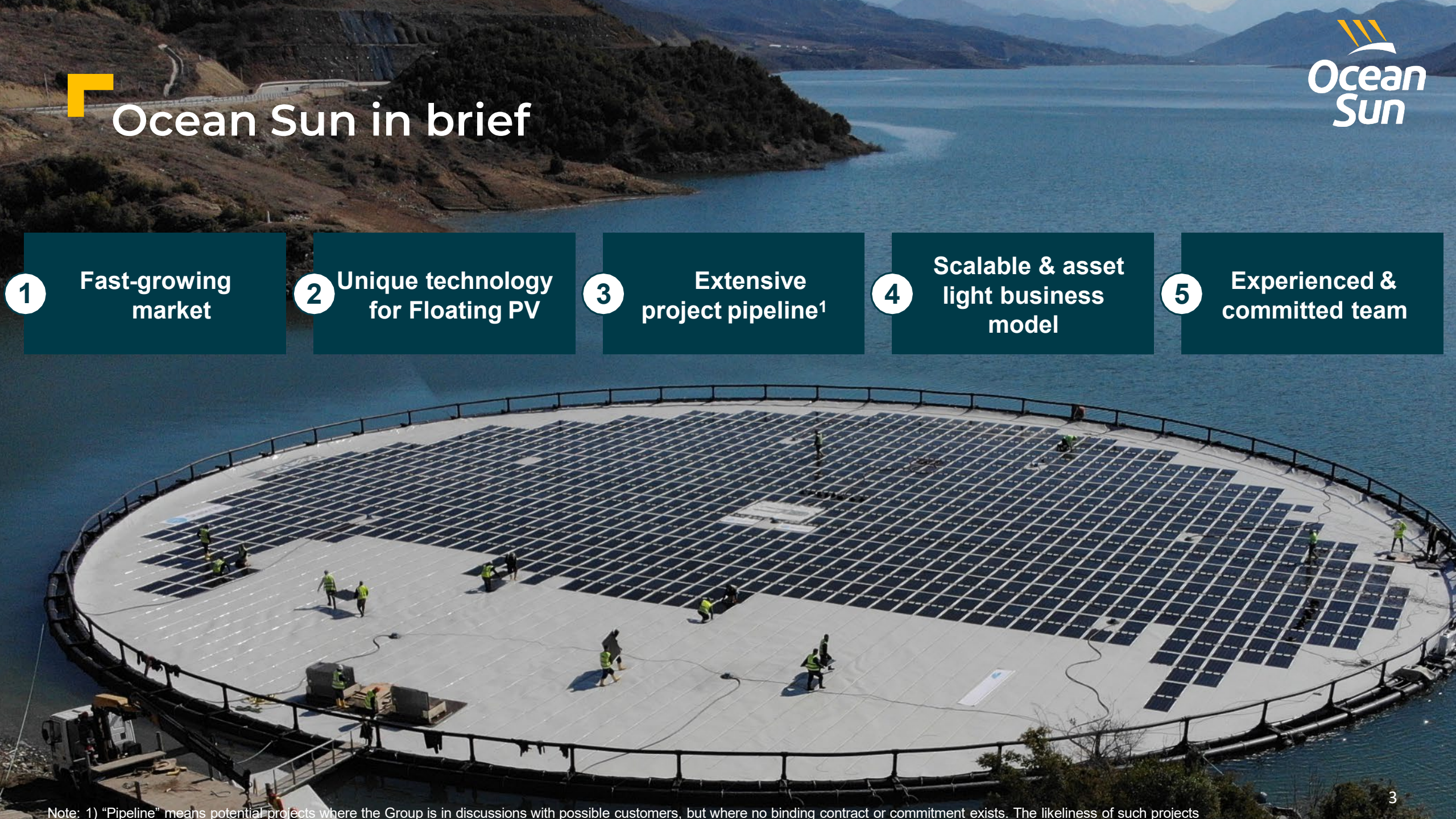
Ocean Sun in brief

1. **Fast-growing market**
2. **Unique technology for Floating PV**
3. **Extensive project pipeline[1]**
4. **Scalable & asset light business model**
5. **Experienced & committed team**



Note: 1) “Pipeline” means potential projects where the Group is in discussions with possible customers, but where no binding contract or commitment exists. The likeliness of such projects

Our solution

Inspired by nature,
we provide the lowest cost and the best performing floating solar system available on the market

Operations and business development

Banja dam, Albania

Project update

The first of four floaters has been operational since 1st of April 2022 and shows good and stable production during these seven months. Ocean Sun has used the first floater to fine tune and further develop routines for operations and maintenance. In addition, the plant will be a showcase for the R&D community and potential customers.

Installation of the remaining three floaters is ongoing with estimated commissioning in December 2022. When completed, the plant will be Ocean Sun's first multi-ring system and thereby confirm Ocean Sun's ability to provide utility-scale projects.

Project details

Ocean Sun and Statkraft have an agreement to construct a 2 MWp floating solar power plant on Statkraft's 72-megawatt hydropower plant in Banja, Albania. The system consists of four floaters of 0.5MWp each and will produce energy to the Albanian national grid.

SPIC project, Shandong, China

Project update

The project in Shandong is the world's first commercial offshore FPV plant and the first ever FPV integrated with offshore wind. Owned by SPIC, and constructed by Sunneng Technologies, the system started commercial operations on the 31 of October after a two weeks construction period. The two floaters were constructed on-shore and towed 30 km off-coast to its final position where the mooring was installed.

Once the test period is completed, the intention is to connect floating solar to other wind turbines at this location. Pending successful results, the accumulated capacity of Ocean Sun FPV will be 20 MWp in 2023.

Project details

The system is owned by the world's largest PV asset owner, State Power Investment Corporation (SPIC), and consists of two floaters with a combined capacity of 0.5 MWp. It is located in the Yellow Sea, 30km of the coast of Hayiang in the Shandong province and connected to an offshore wind turbine coupled to the land-based grid. The Shandong Province has plans for 42 GWp of off-shore solar in the next few years.

Magat dam, Philipinnes

Project update

Celebrating three years in operation during June, the Magat pilot has recently undergone a larger technology upgrade with new PV panels and improved cable management. The system upgrade was a joint undertaking by Ocean Sun and system owner, SNAP and has resulted in significant improvement to the system. Total effect is increased from 223 kWp to 250 kWp and the performance is more stable.

Project details

The demonstration plant on the Magat Dam is located in the middle of the Philippine typhoon belt and designed to withstand wind-speeds up to 275 km/h. The system is owned by SN-Aboitiz Power (SNAP), a 50/50 joint venture between Scatec and Aboitiz Power, a large IPP in the Philippines.

SNAP is following the performance of the system closely and views the pilot as a great success. SNAP's CEO, Joseph Yu, has previously announced the intention to expand the floating solar installation on the Magat Dam with 67 MWp[1].

1) *Manila Standard (link)*

Upcoming projects

Sunseap, Sing. strait
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-float system has been completed. Orders for materials are expected to be placed during Q1 2023, with construction of the system taking place in Q2 2023.

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

Keppel, Jurong Island
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 and was selected because of its potential for commercialization and scalability. Keppel, a powerhouse within construction and energy developments, has ambitious plans for floating solar in Singapore and SEA. The project is expected to be completed in Q4 2023.

Sunneng, Yantai
China

Ocean Sun has signed an agreement with Sunneng Technologies and String Capital, a Beijing-based energy investment fund, for the construction of a 1 MWp near-shore demonstration unit outside Yantai in Shandong Province.

Orders for long lead items have been placed and after finishing construction of the SPIC funded project, Sunneng will refocus on the Yantai project with estimated start of construction in Q1 2023.

MP Quantum, Nearshore
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 has intensified around two demonstration facilities, for which license fees have been paid. Permits, off-take agreements and construction plans are being finalized by MP, while Ocean Sun has prepared the detailed engineering and design of the facilities. In addition, MP is working on a legal framework to simplify the permit application process for future utility-scale installations.

Market update

Market update

Southeast Asia (SEA)

- With a 2030 goal of 2 GWp installed solar and two upcoming Ocean Sun projects, Singapore is confirming its position as a key market for Ocean Sun in the region. The announced projects have sparked attention around Ocean Sun in Singapore, and SEA as a whole.
- In the Philippines, 20 lots of 100 hectares each, which together can accommodate >2 GWp, has been awarded for floating solar developments on Laguna di Bay outside Manila.
- Large parts of SEA are exposed for typhoons which has proven challenging for alternative technologies. The Magat facility's increasing track record gives credibility to OS and comfort around our solution.

EMA

- Statkraft installation gains international attention and works well as a reference and demonstration facility and confirms Ocean Sun's ability to provide utility-scale projects.
- Several European energy and O&G giants are also showing interest in Ocean Sun for FPV in combination with larger offshore wind parks and FPSO installations.
- Upcoming tenders and increased demand for feasibility studies in Europe and the Middle East is positive for projects.

Americas

- Ocean Sun's collaboration with a local partner in Brazil progress well and together we have targeted several smaller utility projects, 5-20MWp as well as larger utility projects +50MWp for development during 2023
- Discussions being held with several large Norwegian companies for renewable developments in Brazil.
- US solar market, including floating solar, has lagged Europe and parts of Asia. However, with new political initiatives, Ocean Sun is noticing a positive shift in focus and increased interest in our solution.

Northeast Asia (NEA)

- Led by China, NEA has been and will likely continue to be the largest market for floating solar.
- In China, market is shifting towards off-and nearshore deployments which sets Ocean Sun in a favorable position as our solution is more robust and has been tested in such waters.
- Shandong province announced plan of 40 GWp near and offshore FPV in years to come.
- Completion of SPIC project leads to strong interest in OS technology.

Financials

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

Income statement (Consolidated)

NOK'000	Unaudited Q3'22	Unaudited Q3'21	Unaudited YTD 22	Unaudited YTD 21	Audited 2021
Income					
Revenue	1 102	219	2 857	244	238
Other income	1 619	1 170	4 748	4 754	6 370
Total operating income	**2 722**	**1 389**	**7 606**	**4 998**	**6 608**
Operating expenses					
Raw materials and consumables used	-	-	(402)	-	-
Employee cost	(5 056)	(3 789)	(13 091)	(9 266)	(13 889)
Depreciation	(5)	(5)	(14)	(14)	(18)
Other operating expenses	(2 255)	(2 687)	(8 155)	(7 862)	(11 503)
Total operating expenses	**(7 315)**	**(6 480)**	**(21 661)**	**(17 142)**	**(25 411)**
Operating result	**(4 594)**	**(5 091)**	**(14 055)**	**(12 144)**	**(18 802)**
Financial income					
Interest income	253	0	469	0	141
Other financial income	86	3	250	7	22
Total financial income	**339**	**3**	**719**	**7**	**163**
Financial expenses					
Interest expenses	(1)	(0)	(5)	(2)	(4)
Other financial expenses	(124)	(186)	(197)	(248)	(118)
Total financial expenses	**(125)**	**(186)**	**(201)**	**(250)**	**(122)**
Net financial items	**215**	**(183)**	**518**	**(243)**	**41**
Result before taxes	(4 379)	(5 274)	(13 537)	(12 387)	(18 761)
Taxes	(3)	(9)	(4)	(9)	(4)
Result after taxes	(4 382)	(5 283)	(13 541)	(12 396)	(18 765)

Income statement Q3'22

Group revenue amounted to NOK 1.1 million in Q3'22 compared with NOK 0.2 million in Q3'21.

- Q3'22 revenue relates to license fees paid from the agreement with MP Quantum in Greece and for the SPIC contract in China, in addition to service revenue related with the SPIC contract in China.

Other income relates to recognized contribution from research grants.

- During Q3'22 Ocean Sun recognized revenue from Skattefunn, grants from Innovation Norway (Green Platform) and the research council of Norway.

Other operating expenses includes NOK 0.3 million in non-recurring cost in Q3 and NOK 1.3 million in YTD 2022 for an interim CFO.

Balance sheet (Consolidated)

NOK'000	Unaudited 30.09.22	Audited 31.12.21
ASSETS		
Non-current assets		
Office equipment	24	38
Total non-current assets	**24**	**38**
Current assets		
Receivables		
Accounts receivables	1 252	-
Other receivables	5 916	10 761
Total receivables	**7 166**	**10 762**
Cash and equivalents		
Cash and cash equivalents	68 352	76 991
Total cash and equivalents	**68 352**	**76 991**
Total current assets	**75 520**	**87 753**
Total assets	**75 544**	**87 790**
EQUITY AND LIABILITIES		
Equity		
Total Equity	**67 675**	**81 218**
Current liabilities		
Accounts payables	851	2 455
Taxes and public duties	309	673
Other payables	6 709	3 445
Total current liabilities	**7 869**	**6 573**
Total liabilities	**7 869**	**6 573**
Total Equity and liabilities	**75 544**	**87 790**

Balance sheet per 30.09.22

- Cash and cash equivalents amounted to NOK 68.4 million as per 30.09.2022, of which NOK 0.8 million was restricted cash.
- Equity ratio amounted to 89.6% and the Group had no interest-bearing debt. The Group is well capitalized with available liquidity to support future growth.
- Other receivables related to accrued revenue related to R&D projects as well as invoiced materials purchased on behalf of customer at cost.
- Other payables consisted of provisions for personnel and board expenses as well as prepayment of the EIC grant related to the BOOST project.

Cash flow statement (Consolidated)

	Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	*Audited*
NOK'000	**Q3'22**	**Q3'21**	**YTD 22**	**YTD 21**	**2021**
Operating activities					
Result before tax	(4 382)	(5 283)	(13 541)	(12 396)	(18 765)
Depreciations	5	5	14	14	18
Cost of share option program	56	-	138	-	7
Change in accounts receivables	729	(191)	(1 252)	(222)	(130)
Change in other current assets	2 430	52	4 846	269	(3 384)
Change in accounts payable	(960)	252	(1 604)	102	1 939
Change in other current liabilities	2 861	(898)	2 635	672	2 265
Cash flow from operating activities	**740**	**(6 062)**	**(8 764)**	**(11 561)**	**(18 049)**
Finance					
Change in other financing activities	-	-	-	(56)	(56)
Cash flow from financing activities	**-**	**-**	**-**		**(56)**
Foreign currency effects on cash	44	17	126	2	-
Net cash flow in the period	**783**	**(6 045)**	**(8 639)**	**(11 560)**	**(18 105)**
Cash and cash equiv., start of period	**67 569**	**89 581**	**76 991**	**95 096**	**95 096**
Cash and cash equiv., end of period	**68 352**	**83 536**	**68 352**	**83 536**	**76 991**

Cash development 01.07-30.09.22

- Cash flow from operations amounted to NOK 0.7 million in Q3'22. The operating loss of NOK 4.4 million was offset by repayments on material purchased on customers behalf and a prepayment of EIC grant for the BOOST project.
- Total cash and cash equivalents as per 30.09.2022 amounted to ~NOK 68.4 million. The cash position of the company is sound.

Equity statement (Consolidated)

Unaudited

NOK'000	Share capital	Own shares	Share premium	Other equity	Uncovered losses	Total
At 1st of January 2022	450	(0)	128 023	-	(47 255)	81 219
Profit/Loss for the period	-		-	-	(9 159)	(9 159)
Share option program					89	89
Currency translation differences	-		-	-	16	16
At 1 July 2022	**450**	**(0)**	**128 023**	**-**	**(56 310)**	**72 163**
Profit/Loss for the period	-		-	-	(4 382)	(4 382)
Share option program	-	-	-	-	(89)	(89)
Currency translation differences					(17)	(17)
At 30 September 2022	**450**	**(0)**	**128 023**	**-**	**(60 798)**	**67 675**

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