Ensurge Micropower ASA

2021

Annual Report and Financial Statements

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MICROPOWER

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About Ensurge Micropower

Ensurge is Energizing Innovation™ with ultrathin, flexible, and safe energy storage solutions for wearable devices, connected sensors, and beyond. Ensurge's innovative solid-state lithium battery (SSLB) technology is uniquely positioned to enable the production of powerful, lightweight, and cost-effective rechargeable batteries for diverse applications. The company's state-of-the-art flexible electronics manufacturing facility, located in the heart of Silicon Valley, combines patented process technology and materials innovation with the scale of roll-to-roll production methods to bring the advantages of SSLB technology to established and expanding markets. Ensurge Micropower ASA ("Ensurge") is a publicly listed company in Norway with corporate headquarters in Oslo and global headquarters in San Jose, California.

Report from the Board of Directors

Introduction

Ensurge made great progress in 2021 building high performance solid state microbatteries using our novel and proprietary architecture within our roll-to-roll (R2R) facility in San Jose. The combination of our anode-less solid-state chemistry and ultra-thin stainless steel with significantly higher capacity uniquely positions Ensurge to provide commercial quantities of milliamp-hour class batteries that we believe will provide far superior solutions for our target markets. Throughout the past year, despite the challenges presented by an unprecedented global pandemic, the Ensurge team worked with purpose and commitment to achieve milestones in technology development, manufacturing readiness, and market development.

In January, the Company announced its Microbattery Product Platform (MPP) and first product based on customer requirements for energy dense, long lasting, and fundamentally safe energy storage. The platform is designed to deliver the fundamental advantages of steel-substrate solid-state lithium battery (SSLB) technology across a range of products that can be rapidly and efficiently customized to meet the unique capacity and form factor needs of specific customer designs. By April the Company confirmed expected key performance parameters of its first prototype cells.

By mid-year, Ensurge had successfully validated - ahead of schedule - the operational readiness of the full toolset required to implement the Company's baseline manufacturing necessary to scale-up its SSLB technology. In addition, the Company had ordered the initial tool conversions necessary to support the process transfer from the baseline sheet-based process development line to the roll-to-roll production line.

In addition, the Company had confirmed depositing battery materials on ultrathin 10-micron steel substrates, with the Company's roll-to-roll equipment with expected performance. The combination of ultrathin steel substrates and roll-based manufacturing is fundamental to the Company's advantages in volumetric energy density and manufacturing scalability.

During the third quarter the Company installed and qualified equipment necessary to initiate development of the packaging of microbattery products. This development allowed product development to begin to progress from developing and validating individual unit cells to integrating multiple-unit cells ('multi-cells'), packaging these into complete microbatteries. Microbattery construction comprised of multi-cells is a complex and multi-step process involving manufacturing integration of lithium-compatible packaging materials enabling high energy densities assembled by stacking, encapsulation, metallization, and plating.

During the fourth quarter the Company continued its product development progress demonstrating working batteries using both sheet based and roll based unit-cells.

In addition, further improvements were made in preparing the roll-to-roll line for volume manufacturing with upgrades to our tools optimizing them for SSLB production. The company also received its automated metallization equipment. Critically important, during the fourth quarter, with our new equipment and refinement of the process, our cycles of learning have more than doubled, significantly accelerating our rate of optimization. And finally, during December, the Company provided mechanical samples to customers to validate the processes of integrating the Ensurge Microbattery into their products.

During early 2022, the Company has been advancing its packaging process optimization and overall battery integration efforts. These efforts have improved and continue to improve the performance of fully integrated batteries through both process and design innovations. We remain actively engaged with our customers to validate the processes of integrating the Ensurge Microbattery into their products. While shipments of fully operating, packaged samples did not occur during Q4, with the recent development progress, the Company believes it is close to shipping samples to customers.

At the end of 2021, the Company had 35 full-time employees, all of whom were based in the Company's San Jose, California facility.

Going concern

The board confirms that the financial statements of the group, as well as the parent company, have been prepared under the going concern assumption.

On 2 February 2022, the Company announced the completion of a private placement of 125,561,401 shares (Tranche 1) and an allocation of 41,105,265 shares (Tranche 2) at a subscription price of NOK 0.60 [NOK 5.40 post 9:1 share consolidation] per share, resulting in gross proceeds of NOK 100 million. The share capital increase associated with Tranche 1 has been duly registered in the Register of Business Enterprises. On 24 February 2022, the Company received shareholder approval at an Extraordinary General Meeting to increase the authorized share capital to include the shares allocated in Tranche 2, the warrants associated with Tranche 1 and Tranche 2, and a 9:1 share consolidation. The private placement includes two non-tradeable warrants for every share subscribed for in the private placement at no additional cost and with an exercise price equal to NOK 0.60 [NOK 5.40 post 9:1 share consolidation]. 50 percent of the private placement warrants will be exercisable on 30 June 2022 and the remaining 50 percent will be exercisable on 30 November 2022. If the warrants are fully exercised, it will contribute an additional of NOK 100 million in proceeds to the Company.

As of the date of this report, the company has sufficient cash to fund operations into the third quarter. If the Tranche 1 warrants are fully exercised on 30 June 2022, the group and parent company will have sufficient funds to support operations through the third quarter of 2022. If the warrants are not fully exercised, the Company will need to seek alternative sources of financing to continue operations.

To continue to fund the Company's activities beyond the third quarter of 2022,the Company will have access to funds through the warrants being exercisable on 30 November 2022. If the warrants are not sufficiently exercised or there is a need for bridge financing prior to the Tranche 2 exercise date, the Company will seek additional funds from the investor market or from partnership funding. However, as funding is not secured for the next 12 months, a material uncertainty exist as to whether the Company and group will continue as going concern. The Company and group are dependent to successfully raise funds as planned.

The board of directors monitors the financial position closely and receives frequent reports and forecasts on expenditure and cash flow. To address the funding requirements of the group, the board of directors has undertaken the following initiatives: -

- Secured equity funding with a private placement of 125,561,401 shares (Tranche 1) and an allocation of 41,105,265 shares (Tranche 2) at a subscription price of NOK 0.60 [NOK 5.40 post 9:1 share consolidation] per share, resulting in gross proceeds of NOK 100 million. The potential gross proceeds for Tranche 1 warrants is NOK 50 million. The potential gross proceeds for Tranche 2 warrants is NOK 50 million.
- Undertaken a program to continue to monitor the group's ongoing working capital requirements and minimum expenditure commitments; and
- Continued its focus on maintaining an appropriate level of corporate overhead that is in line with the group's available cash resources.

As a consequence of uncertainty introduced by the Covid-19 pandemic, the Company has prioritized raising sufficient funds to provide adequate time to demonstrate a series of technology and market development milestones. Despite the material uncertainty to whether the group will be able to successfully raise funds as planned, the Board has concluded that the Company are not in a situation where there is no realistic alternative to continue as going concern and hence it is found appropriate to prepare the financial statements on the going concern basis.

The group financial statements

Ensurge had zero revenue and other income in 2021, a decrease from the preceding year (2020: USD 513 thousand). The Company rapidly restructured its business operations around the priorities of achieving technical success in SSLB development and deploying a financial model that is optimized to support the Company's critical technical and market development milestones. 2020 sales relate to inventory manufactured in previous years.

Salaries and other payroll costs amounted to USD 12,240 thousand in 2021, compared to USD 5,445 thousand in 2020. The increase is primarily driven by increased costs related to share based payments. Operating costs (excluding depreciation, amortization and impairment charges) amounted to USD 19,530 thousand during 2021 (2020: 12,531 thousand). The increase in operating costs in 2021, compared to 2020, was USD 6,999 thousand, and was primarily attributable to:

1 USD 2,541 thousand higher payroll.

2 USD 4,254 thousand higher employee share based remuneration costs. The fair value of granted employee subscription rights are valued based on the Black-Scholes formula and expensed over the vesting period.

3 USD 643 thousand higher costs for premises and supplies.

4 USD 439 thousand lower other expense.

The Company focused R&D efforts towards achieving technical success in solid-state lithium battery technology development. During 2021, R&D spending was USD 2,976 thousand compared to USD 2,223 thousand for 2020. Depreciation and amortization charges in 2021 amounted to USD 47 thousand, compared to USD 22 thousand during the same period in 2020.

Due to the change in strategy, the production-related assets were fully impaired in 2019. In the event of a future change in circumstances, e.g. a change in strategy or market prospects, impairments may be reversed in part or in full, if a higher asset value can be defended.

Net financial items for the 2021 amounted to an expense of USD 11,386 thousand (2020: USD 26,753 thousand expense). Net financial items were primarily expenses of USD 8,800 thousand in 2021 and USD 23,168 thousand in 2020 related to the issuance of Warrants A, B and C. The last warrants expired in Q3/2021. The Company operates at a loss and there is a tax loss carryforward position in the parent company and in the U.S. subsidiaries. The parent company in Norway has not incurred any tax during 2021, nor in 2020. The U.S. subsidiary incurred USD $32 thousand in taxes in 2021 as a result of U.S. tax law changes regarding tax loss carryforwards.

The Company has not recognized any deferred tax assets on its balance sheet relating to these tax loss carryforward positions, as this potential asset does not yet qualify for inclusion.

The loss in 2021 was USD 30,995 thousand, corresponding to a basic loss per share of (USD 0.02) [unadjusted for 9:1 share consolidation]. In 2020, the loss amounted to USD 38,793 thousand, corresponding to a basic loss per share of (USD 0.10) [unadjusted for 9:1 share consolidation].

Non-current assets amounted to USD 2,606 thousand (2020: USD 799 thousand). The increase in noncurrent assets from 2020 to 2021 was mainly due to investment in fixed assets. Trade and other receivables amounted to USD 1,822 thousand at the end of 2021 (2020: USD 1,140 thousand). The increase relates mainly to a VAT receivable. Non-current liabilities amounted to USD 16,751 thousand (2020: 21,884 thousand) and relates to future lease payments for the Junction Avenue premises and long-term debt relating to an equipment term loan facility with Utica. The equity ratio was negative 119 percent at the end of 2021, versus negative 606 percent at the end of 2020.

The group's cash balance increased by USD 1,063 thousand in 2021 (2020: decreased by USD 3,082 thousand). The net decrease in cash balance is explained by the following principal elements:

1 USD 14,548 thousand outflow from operating activities,

2 USD 1,838 thousand outflow from investing activities,

3 USD 17,450 thousand inflow from financing activities.

The USD 14,548 thousand outflow from operating activities is primarily explained by an operating loss, excluding depreciation, amortization and warrant expense, of USD 22,037 thousand. The cash outflow from operations and investing activities in 2021 was offset by the inflow from financing activities, primarily attributable to the USD 25,172 thousand raised from private placement, corresponding subsequent offerings and warrant exercises. The cash balance on 31 December 2021 was USD 6,853 thousand, as compared to the cash balance on 31 December 2020 of USD 5,790 thousand.

Parent company financial statements

Revenue and other income in the Parent Company amounted to NOK 0 thousand in 2021 (2020: NOK 4,741 thousand).

Personnel and payroll costs were NOK 26,010 thousand in 2021, versus NOK 10,346 thousand in the preceding year. The increase is primarily costs related to share based payments. In 2020 and 2021, only the CEO was employed by the Parent Company.

External purchases of services amounted to NOK 10,476 thousand in 2021 (2020: NOK 11,084 thousand). Of the total amount for 2021, (i) NOK 7,231 thousand related to legal, audit and accounting services (2020: NOK 8,735 thousand), (ii) NOK 1,298 thousand was tied to advisory services, technology support services and recruitment services (2020: NOK 314 thousand) and (iii) NOK 1,947 thousand related to remuneration of the Board of Directors (2020: NOK 2,036 thousand).

Purchase of services from subsidiaries increased to NOK 143,018 thousand in 2021 from NOK 85,475 thousand in 2020, largely as a result of increased activities in the subsidiary in San Jose. Other operating expenses increased from NOK 9,044 thousand in 2020 to NOK 41,571 thousand in 2021 due to a bad debt provision against the subsidiary receivable. The Company did not capitalize any development costs in 2021 or 2020 as technical feasibility has not been achieved.

Net financial items amounted to expense of NOK 17,740 thousand in 2021, compared to income of NOK 1,321 thousand in 2020. The change from 2020 is mainly due to impairment of shares in subsidiaries of NOK 21,307 in 2021.

Share capital

Ensurge shares were listed on Oslo Axess from 30 January 2008 until 26 February 2015. On 27 February 2015, Ensurge shares were transferred to Oslo Børs (OSE Main List). On 24 March 2015, Ensurge's American Depository Receipts (ADRs) commenced trading in the United States on OTCQX International.

At the end of 2021, there were 1,746,497,852 (2020: 985,548,186) shares in the Company which were held by 11,801 shareholders (2020: 8,498 shareholders). Par value is NOK 0.11 [NOK 0.99 post 9:1 share consolidation] per share.

The closing price of Ensurge shares on 30 December 2021 was NOK 0.715 [NOK 6.44 post 9:1 share consolidation]. To satisfy the requirements of the stock exchange, the Company completed a 9:1 share consolidation in early 2022. The total share turnover during 2021 amounted to NOK 81 million compared to NOK 577 million in 2020, a decrease of 86 percent.

There were no exercises of vested incentive subscription rights during 2021 or 2020. The Annual General Meeting of Ensurge Micropower ASA resolved on 28 May 2019 an exchange offer program whereby continuing employees and consultants holding incentive subscription rights ("Eligible Holders") under the Company's 2015, 2016, 2017 and/or 2018 subscription rights programs (the "Former Plans") would be entitled to exchange such subscription rights for new subscription rights to be granted under the Company's 2019 subscription right plan. Having been given the opportunity to participate in the exchange program, Eligible Holders holding a total of 1,864,372 subscription rights under the Former Plans notified the Company that they wished to participate in the exchange program, whereupon such Eligible Holders explicitly waived any right to claim shares under Former Plans. As a result, the Board of Directors of the Company resolved on 25 September 2019 to grant a total of 1,864,372 incentive subscription rights to nineteen Eligible Holders. The grants were made under the Company's 2019 Subscription Rights Incentive Plan as resolved at the Annual General Meeting on 28 May 2019. The exercise price of the subscription rights is NOK 4.67 per share [NOK 42.03 post 9:1 share consolidation]. The subscription rights expire on 28 May 2024. As of 31 December 2021, there are 1,652,918 incentive subscription rights associated with the September 2019 grants outstanding.

At the Extraordinary General Meeting of 19 August 2020, the shareholders approved grants of a total of 13,800,000 incentive subscription rights to four board members. The exercise price is NOK 0.15 [NOK 1.35 post 9:1 share consolidation] per share, provided, however, that, subject to the board's discretion, the exercise price may be set higher than NOK 0.15 to avoid any issues with taxation in the jurisdiction of the director. To this end, the subscription rights granted to board members Jon Castor and Kelly Doss on 19 August 2020 have an exercise price per share of NOK 0.3415 [NOK 3.07 post 9:1 share consolidation] per share. 50 percent of the subscription rights became vested and exercisable on the earliest of the date immediately preceding the 2021 Annual General Meeting and 30 June 2021, and the remaining 50 percent of the subscription rights became vested and exercisable on the earliest of the date immediately preceding the 2022 Annual General Meeting and 30 June 2022. No subscription rights were exercised in 2021.

The board of directors resolved on 11 September 2020 to issue 60,031,441 incentive subscription rights to employees in the Ensurge group. The grant was made under the Company's 2020 incentive subscription rights plan as resolved at the Extraordinary General Meeting on 19 August 2020. The exercise price of the subscription rights is NOK 0.2840 [NOK 2.56 post 9:1 share consolidation]. per share. The subscription rights vest by 50 percent per year over two years and expire on 19 August 2025. In connection with the 15 April 2020 Extraordinary General Meeting, the Company conducted a reduction of paid in capital by reduction in par value of shares in accordance with the Norwegian Public Limited Companies Act to cover the losses. The implication of this is that a resolution to distribute dividends may not be adopted until three years have elapsed from the registration in the Register of Business Enterprises, unless the share capital subsequently has been increased by an amount at least equal to the reduction. The Board proposed and the shareholders approved a reduction in share capital by a reduction of the par value of the shares from NOK 2.20 to NOK 0.11 [NOK 0.99 post 9:1 share consolidation] per share to cover losses. In order to secure the commitment by the consortium of investors, in May 2020, the Board resolved, and issued 5,859,357 shares to investors at a subscription price per share of NOK 0.11 [NOK 0.99 post 9:1 share consolidation], equaling the proposed subscription price in the Private Placement. The current board authorization was approved at the 23 October 2019 extraordinary general meeting.

At the Extraordinary General Meeting of 20 May 2020, the proposals in the Notice of the Extraordinary General Meeting were approved by the shareholders.

1 The Company completed the private placement and issued 227,272,727 new shares, thereby increasing share capital by NOK 32,089,823.15 divided into 291,725,665 shares, each share had a par value of NOK 0.11 [NOK 0.99 post 9:1 share consolidation].

2 The subsequent offering raised NOK 7 million with the issuance of 63,636,363 shares at a subscription price of NOK 0.11 [NOK 0.99 post 9:1 share consolidation].

3 The Company completed the private placement of 333,866,666 new shares at a subscription price of NOK 0.15 [NOK 1.35 post 9:1 share consolidation], thereby increasing share capital by NOK 50,080,000.

4 The subsequent offering raised NOK 10 million with the issuance of 66,666,666 shares at a subscription price of NOK 0.15 [NOK 1.35 post 9:1 share consolidation].

On 1 March 2021, the Company announced the completion of a private placement of 68,922,869 shares at a subscription price of NOK 0.82 [NOK 7.38 post 9:1 share consolidation] per share, resulting in gross proceeds of NOK 56.5 million.

On 2 February 2022, the Company announced the completion of a private placement of 125,561,401 shares (Tranche 1) and an allocation of 41,105,265 shares (Tranche 2) at a subscription price of NOK 0.60 [NOK 5.40 post 9:1 share consolidation] per share, resulting in gross proceeds of NOK 100 million. The share capital increase associated with Tranche 1 has been duly registered in the Register of Business Enterprises.

On 24 February 2022, at an Extraordinary General Meeting, shareholders approved an increase to the authorized share capital to include the shares allocated in Tranche 2, the warrants associated with Tranche 1 and Tranche 2, and a 9:1 share consolidation.

The private placement includes two non-tradeable warrants for every share subscribed for in the private placement at no additional cost and with an exercise price equal to NOK 0.60 [NOK 5.40 post 9:1 share consolidation]. 50 percent of the private placement warrants will be exercisable on 30 June 2022 and the remaining 50 percent will be exercisable on 30 November 2022. If the warrants are not sufficiently exercised or there is a need for bridge financing prior to the Tranche 2 exercise date, the Company will seek additional funds from the investor market or from partnership funding. However, if the group is not able to successfully raise funds as planned, significant uncertainty would exist as to whether the Company and group will continue as going concerns. The board of directors monitors the financial position closely and receives frequent reports and forecasts on expenditure and cash flow. Refer to the Principal Risks and Going Concern sections of this Annual Report.

Additional information is included in Note 12 to the Consolidated Financial Statements.

Further 810,000 subscription rights have been granted, 1,050,050 exercised, and 2,231,732 forfeited and expired to date in 2022. Consequently, the total number of subscription rights on 27 April 2022 is 189,037,016.

Principal risks

Ensurge is exposed to various risks of a financial and operational nature. The extraordinary current risks of the pandemic and its effect on the world economy are affecting everyone.

The Company's predominant risks are financial, technical/developmental, as well as other market and business risks, summarized in the following points:

I The Company's restructuring and refocus on microbattery technology has resulted in headcount and expenses in line with the Company's revised SSLB strategy and operating plan. As of 31 December 2021, the Company had a cash balance of approximately USD 6.9 million, including restricted cash of approximately USD 1.6 million. To continue to fund the Company's activities further into 2022, the Company will have access to funds through the warrants being exercisable through 30 November 2022. On 2 February 2022, the Company announced the completion of a private placement of 125,561,401 shares (Tranche 1) and an allocation of 41,105,265 shares (Tranche 2) at a subscription price of NOK 0.60 [NOK 5.40 post 9:1 share consolidation] per share, resulting in gross proceeds of NOK 100 million. The share capital increase associated with Tranche 1 has been duly registered in the Register of Business Enterprises. On 24 February 2022, the Company received shareholder approval at an Extraordinary General Meeting to increase the authorized share capital to include the shares allocated in Tranche 2, the warrants associated with Tranche 1 and Tranche 2, and a 9:1 share consolidation. The private placement includes two non-tradeable warrants for every share subscribed for in the private placement at no additional cost and with an exercise price equal to NOK 0.60 [NOK 5.40 post 9:1 share consolidation]. 50 percent of the private placement warrants will be exercisable on 30 June 2022 and the remaining

50 percent will be exercisable on 30 November 2022. If the warrants are not sufficiently exercised or there is a need for bridge financing prior to the Tranche 2 exercise date, the Company will seek additional funds from the investor market or from partnership funding. However, if the group is not able to successfully raise funds as planned, significant uncertainty would exist as to whether the Company and group will continue as going concerns.

II Technology development and engineering sample availability on Ensurge's sheet line, as well as technology transfer to and scale-up activities related to Ensurge's roll-to-roll line, can be adversely affected by several factors including but not limited to:

- Quality, composition, and consistency of lithium-based materials, chemicals and unanticipated interactions of the various layers and processes that are key to core battery performance, resulting in longer than planned learning cycles and corrective actions, delaying customer engagements.
- Adequate environmental control of the manufacturing area and storage that might compromise the composition, performance, and defectivity of the device.
- Equipment reliability, modifications needed, and process optimization learning cycle efficiency that may limit the uptime, throughput and quality of the devices produced.
- Issues encountered during handling, processing, and assembly of ultrathin substrates and battery stacks.
- Need for new materials or processes and/or equipment to achieve full manufacturing qualification and product reliability.

The startup and product manufacturing yield ramp on the roll-to-roll line can also be negatively influenced by several of the conditions or events noted below (but not limited to):

- Achievement of return-to-manufacturing readiness and qualification of the tool set.
- On site availability of vendor personnel to assist in requalification of the machines with battery materials set.
- Electro-Static Discharge (ESD) or other phenomena that may cause the need for process or mechanical handling changes in the manufacturing line.
- Lower than anticipated throughputs and uptime of the equipment with the battery material set resulting in a lower capacity than planned.
- Adequate environmental control of the manufacturing area and storage that might compromise the composition, performance and defectivity of the device.
- New and unknown modes of yield loss necessitating process, practice, or equipment modifications that can result in a slower than planned yield ramp.
- Issues encountered during roll handling, processing, and assembly of ultrathin substrates and battery stacks.
- Our ability to provide OEMs with solutions that provide advantages in terms of size, reliability, durability, performance, and value-added features compared with alternative solutions.

III Many of the markets that Ensurge targets in connection with its new energy storage strategy will require time in order to gain traction, and there is a potential risk of delays in the timing of sales. Risks and delays may include, but are not limited to:

- Uncertain global economic conditions may adversely impact demand for our products or cause potential customers and other business partners to suffer financial hardship, which could cause delays in market traction and adversely impact our business.
- Our ability to meet our growth targets depends on successful product, marketing, and operations innovation and successful responses to competitive innovation and changing consumer habits that may result in changes in our customers' specifications.
- Our revenues are dependent on the pace of technology evaluation and product qualification activities at our customers, and delays in battery or end-product qualification or changes to production schedules may affect the quantity and timing of purchases from Ensurge. Such customer qualification and customer production scheduling delays are generally outside the control of Ensurge.

The Company cannot assure that the business will be successful or that we will be able to generate significant revenue. If we fail to establish and build relationships with our customers, or our customers' products which utilize our solutions do not gain widespread market acceptance, we may not be able to generate significant revenue. We do not sell any products to end users, and we do not control or influence the manufacture, promotion, distribution, or pricing of the products that incorporate our solutions. Instead, we are designing various devices and products that our OEM customers incorporate into their products, and we depend on such OEM customers to successfully manufacture and distribute products incorporating our solutions and to generate consumer demand through marketing and promotional activities. As a result of this, our success depends almost entirely upon the widespread market acceptance of our OEM customers' products that incorporate our devices. Even if our technologies successfully meet our customers' price and performance goals, our sales could fail to develop if our customers do not achieve commercial success in selling their products that incorporate our devices.

Our ability to generate significant revenue from new markets will depend on various factors, including the following:

- The development and growth of these markets;
- The ability of our technologies and product solutions to address the needs of these markets, the price and performance requirements of OEMs, and the preferences of end users; and
- Our ability to provide OEMs with solutions that provide advantages in terms of size, reliability, durability, performance, and value-added features compared with alternative solutions.

IV To a certain extent, Ensurge is dependent on continued collaboration with technology, materials, and manufacturing partners.

There may be process and product development risks that arise related to time-to-development and cost competitiveness of the energy storage products Ensurge is developing.

Many manufacturers of these products have well established relationships with competitive suppliers. Our ongoing success in these markets will require us to offer better performance alternatives to other solutions at competitive costs. The failure of any of these target markets to develop as we expect, or our failure to serve these markets to a significant extent, will impede our sales growth and could result in substantially reduced earnings and a restructuring of our operations. We cannot predict the size or growth rate of these markets or the market share we will achieve or maintain in these markets in the future. Shortages of components and materials may delay or reduce our sales and increase our costs, thereby harming our operating results. The inability to obtain sufficient quantities of components and other materials necessary for the production of our products could result in reduced or delayed sales or lost orders. Extended lead times on custom equipment for R2R due to the current political/ economic situation in Europe as well as overall supply issues could impact our ability to scale production in the future.

Many of the materials used in the production of our products are available only from a limited number of foreign suppliers, particularly suppliers located in Asia.

V Our business results depend on our ability to successfully manage ongoing organizational changes. Our financial projections assume successfully executing certain of these organizational changes, including the motivation and retention of key employees and recruitment of qualified personnel, which is critical to our business success.

Factors that may affect our ability to attract and retain talented leadership, key individual contributors, and sufficient numbers of qualified employees include:

- Employee morale,
- Our reputation,
- Competition from other employers, and
- Availability of qualified personnel.

Our success is dependent on identifying, developing, and retaining key employees to provide uninterrupted leadership and direction for our business. This includes developing and retaining organizational capabilities in key technology areas, where the depth of skilled or experienced employees may be limited and competition for these resources is intense.

VI Ensurge is exposed to certain financial risks related to fluctuation of exchange rates.

Corporate governance

The board considers that attention to corporate governance is beneficial for companies and investors. Ensurge seeks to comply with the Norwegian code of practice for corporate governance to the degree possible. The board's review of corporate governance has been included in the annual report.

Intellectual property

The development and maintenance of intellectual property, including patents, trade secrets, and proprietary knowhow, is a critical part of Ensurge's business strategy. In the course of its research and development activities, the Company develops new intellectual property related to materials, microbattery design, cell fabrication, product packaging, and industrialization. In April 2020, the Company announced the filing of multiple provisional patent applications related to the encapsulation, assembly, and stacking of SSLB products based on stainless steel substrates. The

Company intends to continue filing patent applications to protect its intellectual property.

Outlook

As Ensurge enters 2022 our customer engagements continue to provide enthusiastic validation that the benefits of our SSLB microbattery products resonate strongly with battery decision-makers across all our target markets; hearables, wearables, and connected sensors. Our total addressable market continues to grow and is forecasted to reach 10 billion units over the next several years. In the near term, the market opportunity remains robust for Ensurge to bring differentiated microbatteries that will fully maximize our existing San Jose facility and will require the Company to consider adding a larger facility over time.

The Company's key efforts during 2022 will be focused on converting current and new customer agreements into ramping product revenue during the latter part of the year. The Company will be broadening customer activities across all our target market segments adding new customers as well as deepening engagements with existing customers. Ensurge is actively engaged with several prospects in the medical wearables and industrial markets.

A major step towards product revenue is the qualification of our technology and products at each customer, providing them confidence to design our differentiated microbatteries into their next generation products. During qualification, work will be focused on designing the optimum microbattery form factor to meet the requirements of our customer's next generation product and assisting our customer's product design and launch into the market.

In parallel to our customer efforts, operational readiness for ramping deliveries will increasingly be the Company's internal focus. Productivity, yield, and performance improvements as well as lowering material costs will all be important efforts to provide predictable and profitable customer deliveries. The Company also anticipates needing to acquire and install incremental equipment capacity to meet customer demand.

Organization, personnel, and the environment

The board of directors would like to thank the Ensurge management team members, staff, contractors, and ecosystem partners for their dedicated efforts throughout 2021 and into 2022.

Organization

Substantially all of Ensurge's operational activities are based in the Company's San Jose, California facility, providing efficient and cost-effective management of the Company's resources and assets. During 2021, the Company completed the closure of its subsidiaries in Hong Kong, Singapore, Sweden and the United Kingdom. The Company's quality management system is certified under the ISO9001:2015 standard for the development, manufacturing, and sales of solid-state lithium batteries.

Personnel

As of the date of the report, Ensurge employs 37 full-time employees, two part-time employees, and a small number of contractors. Following the Company's restructuring and reduction of its workforce to 18 full-time employees in March 2020, the Company has selectively hired to fill targeted areas of need in battery and packaging technology development, operations, and business development.

The board believes that the working environment at Ensurge is safe, stimulating, challenging, and collaborative for all employees, and complies fully with relevant laws and regulations in regions within which Ensurge operates. Ensurge employees are covered by benefits programs that are in line with practices in their respective countries. Throughout 2021, there were three minor workplace injury and no significant incidents or accidents involving equipment or other assets. Instances of sick leave during 2021 were relatively low and were consistent with previous years. In addition to the employees of the Ensurge group, Ensurge has contracted specialists in business development, engineering, accounting, and other services.

Ensurge creates and supports equal opportunity for all employees, in all aspects of the workplace. As of 31 December 2021, female employees in the company represented approximately 27%. As of the date of this report, the current management team consists of five men and one woman. Equality is one important aspect considered when recruiting new employees. The board considers the firm's equality standards and measures to be adequate and has not found reason to initiate any corrective measures.

The Environment

Ensurge appreciates its corporate responsibility to protect the environment. The Company operates its business to comply with the environmental, health, and safety regulations required for the materials and processes needed to manufacture its products. Ensurge follows all relevant environmental rules and regulations, as discussed in the Corporate Social Responsibility (CSR) Statement included in this report.

Board of directors

Ensurge's board of directors consists of two women and two men, the composition of which satisfies the gender requirements of the Norwegian Public Limited Companies Act. The board includes Mr. Morten Opstad (chair), Ms. Preeti Mardia, Mr. Jon Castor, and Ms. Kelly Doss. At the Company's Annual General Meeting on 3 June 2021, Mr. Opstad, Mr. Castor and Ms. Doss were re-elected to the board for a term of two years. Ms. Mardia continues to serve on the board for the second year of their respective two-year terms.

The Company provides Board Insurance for all directors and officers.

The board of directors of Ensurge Micropower ASA, Oslo, Norway, 26 April 2022

Morten Opstad Chairman	Preeti Mardia Board Member	Jon Castor Board Member	Kelly Doss Board Member

Kevin Barber
Managing Director (CEO)

Ensurge Micropower ASA Group

Consolidated Financial Statements

Consolidated Statements of Comprehensive Income

Amounts in USD 1,000	Note	2021	2020
Sales revenue	16	—	492
Other income	17,18	—	21
Total revenue and other income		**—**	**513**
Salaries and other payroll costs	19	(12,240)	(5,445)
Other operating expenses	20,24	(7,290)	(7,086)
Depreciation, amortization and impairment loss	6,7,8	(47)	(22)
Operating profit (loss)		**(19,577)**	**(12,040)**
Interest income		1	27
Other financial income		648	(410)
Interest expense		(3,199)	(3,186)
Other financial costs	15	(8,836)	(23,185)
Net financial items		**(11,386)**	**(26,754)**
Profit (loss) before income tax		**(30,963)**	**(38,794)**
Income tax expense	21	(32)	—
Profit (loss) for the year		**(30,995)**	**(38,794)**
Profit (loss) per share for profit attributable to the equity holders of the Company during the year			
– basic and diluted, USD per share	23	(USD0.02)	(USD0.10)
Profit (loss) for the year		**(30,995)**	**(38,794)**
Other Comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Currency translation		—	555
Total comprehensive income for the year		**(30,995)**	**(38,239)**

Consolidated Statements of Financial Position

Amounts in USD 1,000	Note	31 December 2021	31 December 2020
ASSETS			
Non-current assets			
Property, plant and equipment	6	2,033	226
Other financial receivables		573	573
Total non-current assets		**2,606**	**799**
Current assets			
Trade and other receivables	10	1,822	1,140
Cash and cash equivalents (i)	11	6,853	5,790
Total current assets		**8,675**	**6,930**
Total assets		**11,281**	**7,729**
EQUITY	12		
Ordinary shares		21,730	12,014
Other paid-in capital		22,649	2,805
Other reserves		31,968	(2,852)
Currency translation		(13,801)	(13,801)
Retained earnings		(76,027)	(45,031)
Total equity	**26**	**(13,481)**	**(46,865)**
LIABILITIES			
Non-current liabilities			
Long-term Debt	14	5,854	9,709
Long-term lease liabilities	8	10,897	12,175
Total non-current liabilities		**16,751**	**21,884**
Current liabilities			
Trade and other payables	13	4,156	3,445
Warrants liability (ii)	15	0	26,020
Current portion of long-term debt	14	3,855	3,245
Total current liabilities		**8,011**	**32,710**
Total equity and liabilities		**11,281**	**7,729**

(i) Includes restricted cash of USD 1,600 thousand, securing the letter of credit issued in 2017 by Ensurge Micropower ASA to the landlord of the San Jose, California facility.

(ii) The warrants liability was valued at fair value in accordance with International Financial Reporting Standards ("IFRS"). See Note 15.

The board of directors of Ensurge Micropower ASA, Oslo, Norway, 26 April 2022

Morten Opstad Chairman	Jon Castor Board Member	Preeti Mardia Board Member	Kelly Doss Board Member	Kevin Barber CEO

Consolidated Statements of Changes in Equity

Amounts in USD 1,000	Note	Share capital	Other paid-in equity	Other reserves	Currency translation	Retained earnings	Total
Balance at 1 January 2021		**12,014**	**2,805**	**(2,852)**	**(13,801)**	**(45,032)**	**(46,865)**
Share based compensation		—	4,388		—	—	4,388
Private placement related repair and warrant exercises (approved 20 May and 19 August 2020)		8,819	10,105	34,820	—	—	53,744
Private placement (approved March 2021)		897	5,350		—	—	6,248
Comprehensive income		—	—		—	(30,995)	(30,995)
Balance at 31 December 2021	**12**	**21,730**	**22,649**	**31,968**	**(13,801)**	**(76,027)**	**(13,481)**
Balance at 1 January 2020		**18,660**	**—**	**—**	**(14,356)**	**(23,964)**	**(19,660)**
Reduction of share capital by reduction of PAR		(17,726)				17,726	—
Share based compensation			626				626
Private placement, warrant exercises and subsequent offerings, total (approved 20 May and 19 August 2020)		11,081	2,179	(2,852)			10,409
Comprehensive income					555	(38,794)	(38,239)
Balance at 31 December 2020	**12**	**12,014**	**2,805**	**(2,852)**	**(13,801)**	**(45,032)**	**(46,865)**

Consolidated Cash Flow Statements

Amounts in USD 1,000	Note	2021	2020
Cash flows from operating activities			
Profit (loss) before income tax		(30,963)	(38,794)
- Share-based remuneration	19	4,933	626
- Depreciation and amortization	6	46	23
- Loss / (Gain) on sale of fixed assets	6	—	(50)
- Changes in working capital and non-cash items		50	(495)
Net financial items		11,386	26,803
Net cash from operating activities		**(14,548)**	**(11,886)**
Cash flows from investing activities			
Purchases of property, plant and equipment	6	(1,839)	(248)
Proceeds from sale of fixed assets	6	—	(89)
Interest received		1	27
Net cash from investing activities		**(1,838)**	**(310)**
Cash flows from financing activities			
Proceeds from issuance of shares	12	25,172	13,259
Interest paid		(3,199)	(3,185)
Lease installments	8	(4,523)	(960)
Net cash from financing activities		**17,450**	**9,114**
Net increase (decrease) in cash and bank deposits		**1,063**	**(3,082)**
Cash and bank deposits at the beginning of the year		5,790	8,872
Cash and bank deposits at the end of the year*		**6,853**	**5,790**

* Including restricted cash. See Note 11.

Notes to the Consolidated Financial Statements

1. Information about the group

Ensurge Micropower ASA ("Ensurge" or "the Company") was founded as Thin Film Electronics AS ("Thinfilm") on 22 December 2005 and was renamed to Ensurge Micropower. The Company's name change to Ensurge Micropower ASA was approved by shareholders at the Annual General Meeting on 3 June 2021 and registered with the Norwegian Register of Business Enterprises on 4 June 2021. Reference is made to Note 29 for a description of the subsidiaries consolidated into the parent company Ensurge Micropower ASA. The objectives of the Company shall be the commercialization, research, development and production of technology and products related to solid-state lithium batteries. These objectives may be carried out in full internally, or in whole or in part externally through collaborative efforts with one or more of the Company's ecosystem partners. The Company is a public limited liability company incorporated and domiciled in Norway. The address of its registered office is Fridjof Nansens Plass 4, Oslo, Norway. The company's shares were admitted to listing at the Oslo Axess on 30 January 2008 and to the Oslo Børs on 27 February 2015. On 24 March 2015 Ensurge's American Depository Receipts (ADRs) commenced trading in the United States on OTCQX International. Ensurge's ADR was moved to OTCQB with effect on 23 June 2020. The Company's shares, listed on Oslo Børs in Norway, trade under the symbol ENSU. The Company's ADRs, listed on OTCQB in the United States, trade under the symbol ENMPY. These group consolidated financial statements were resolved by the board of directors on 25 April 2022.

2. Accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied. For the purpose of ease of reading, the terms "balance sheet" and "accounting" and variations of these have been used interchangeably with the IFRS terms "statement of financial position" and "recognition".

2.1 Basis of preparation

The annual financial statements have been prepared on a historical cost basis. The financial statements of the group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The accounting policies adopted are consistent with those of the previous financial year. IFRS is continuously developed and recently published standards, amendments and interpretations have been reviewed and considered. None of the new standards, amendments and interpretations that apply as of 1 January 2021 had any impact on net result or equity of Ensurge in 2021. Reference is made to Note 2.20 for a description of changes in IFRS.

Going concern

The board confirms that the financial statements of the group, as well as the parent company, have been prepared under the going concern assumption.

As of the date of this report, the company has sufficient cash to fund operations into the third quarter. If the Tranche 1 warrants are fully exercised on 30 June 2022, the group and parent company will have sufficient funds to support operations through the third quarter of 2022. If the warrants are not fully exercised,the Company will need to seek alternative sources of financing to continue operations.

On 2 February 2022, the Company announced the completion of a private placement of 125,561,401 shares (Tranche 1) and an allocation of 41,105,265 shares (Tranche 2) at a subscription price of NOK 0.60 per share, resulting in gross proceeds of NOK 100 million. The share capital increase associated with Tranche 1 has been duly registered in the Register of Business Enterprises.

On 24 February 2022, at an Extraordinary General Meeting, shareholders approved an increase to the authorized share capital to include the shares allocated in Tranche 2, the warrants associated with Tranche 1 and Tranche 2, and a 9:1 share consolidation.

The private placement includes two non-tradeable warrants for every share subscribed for in the private placement at no additional cost and with an exercise price equal to NOK 0.60 [NOK 5.40 post 9:1 share consolidation]. 50 percent of the private placement warrants will be exercisable on 30 June 2022 and the remaining 50 percent will be exercisable on 30 November 2022. If the warrants are not sufficiently exercised or there is a need for bridge financing prior to the Tranche 2 exercise date, the Company will seek additional funds from the investor market or from partnership funding. However, if the group is not able to successfully raise funds as planned, significant uncertainty would exist as to whether the Company and group will continue as going concerns. The board of directors monitors the financial position closely and receives frequent reports and forecasts on expenditure and cash flow. Refer to the Principal Risks section of this Annual Report.

As of 31 March 2022, the Company had a cash balance of approximately USD 11.7 million.

2.2 Consolidation

Subsidiaries are all entities over which the group has control. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the group controls an investee if, and only if, the group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the group has less than a majority of the voting or similar rights of an investee, the group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The group's voting rights and potential voting rights

2.3 Foreign currency translation

(a) Functional and presentation currency

The consolidated financial statements are presented in US dollar (USD).

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

(c) Group companies

The individual financial statements of a subsidiary are prepared in the subsidiary's functional currency. In preparing the consolidated financial statements, the financial statements of foreign operations are translated using the exchange rates at year-end for statement of financial position items and monthly average exchange rates for statement of income items. Translation gains and losses are included in other comprehensive income as a separate component. The translation difference derived from each foreign subsidiary is reversed through the statement of income as part of the gain or loss arising from the divestment or liquidation of such a foreign operation.

2.4 Property, plant and equipment

Property, plant and equipment is mainly comprised of construction in progress on the roll-to-roll line, laboratory test equipment, and office equipment. Property, plant and equipment is stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Given the uncertainty related to its cash position and new strategy, the Company's fixed assets were fully impaired at 31 December 2019.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method as follows:

- Laboratory equipment — 5 years
- Office equipment — 3–5 years
- Office furnishings and fittings — up to 12 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the income statement.

2.5 Inventory

The Company has changed it's strategy and hence inventory is fully impaired. Historically, inventory, components and components under production were valued at the lower of cost and net realizable value after deduction of obsolescence. Net realizable value is estimated as the selling price less cost of completion and the cost necessary to make the sale. Costs are determined using the standard cost method. The FIFO principle is applied. Work in progress includes variable cost and non-variable cost which can be allocated to items based on normal capacity. Obsolete inventory is written down completely.

2.6 Intangible assets

(a) Patents and licenses

Acquired patents and licenses are stated at historical cost. Patents and licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of patents and licenses over their estimated useful lives. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. In January 2014, Ensurge acquired an IP portfolio consisting of patents. These assets are initially recognized at fair value and subsequently measured at cost, less accumulated amortisation and impairment losses.

(b) Research and development

Research costs are expensed as they are incurred. An intangible asset arising from development expenditure on an individual project is capitalized only when the group reliably can measure the expenditure and can demonstrate;

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- How the asset will generate future economic benefits
- The group's ability to obtain resources to complete the project

Development costs are amortized over the period of expected use of the asset. See Note 7.

An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.7 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill are reviewed for possible reversal of any previous impairment at each reporting date.

2.8 Trade receivables and other receivables

Trade receivables and other short-term receivables are measured at initial recognition at fair value and subsequently measured at amortized cost. Short-term receivables, which are due within three months, are normally not discounted. Impairment of receivables is evaluated on a case-by-case basis. The group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

2.9 Cash and bank deposits

Cash and bank deposits include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.10 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to raising new equity are shown as a deduction to the equity, net of tax.

2.11 Trade payables

The carrying amounts of trade and other payables are the same as their fair values, due to their short-term nature.

2.12 Deferred income tax

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted on the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax liabilities are recognized for taxable temporary differences.

2.13 Employee remuneration

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value. The company only holds defined contribution pension plans. Contributions are expensed and paid when earned.

2.14 Revenue recognition

Revenue is recognized at the amount that the Company expects to be entitled to and expects to collect under the contract. If a contract has multiple performance obligations, the transaction price is allocated to each performance obligation identified in the contract on a relative stand-alone selling price basis. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the group.

(a) Sales of goods

During 2020, the group sold Electronic Article Surveillance (EAS) anti-theft tags from existing inventory. The performance obligation was to deliver distinctive goods, and the performance obligation was satisfied when the control was transferred to the customer being at the point of delivery of the goods. Sales of goods were recognized when the performance obligation was satisfied, the costs incurred with respect to the transaction could be measured reliably, and Ensurge retained neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

(b) Rendering of services

The group provides engineering and support services to strategic customers and partners.

2.15 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received, and the conditions will be complied with. Grants are recognised as other income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

2.16 Financial liabilities

(a) Borrowings

Borrowings are initially recognized at cost and subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs as well as discount or premium on settlement. Financial liabilities are presented as current if the liabilities are due to be settled within 12 months after the balance sheet date.

(b) Leases

All leases are recognized in the balance sheet as a right-of-use ("ROU") asset with a corresponding lease liability, except for short term assets in which the lease term is 12 months or less, or low value assets. ROU assets represent a right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments arising from the lease. Right-of-use assets are depreciated linearly over the lifetime of the related lease contract. The depreciation of ROU asset is recognized over the lease term, and interest expenses related to the lease liability are classified as financial items in the income statement. Right-of-use assets are tested for impairment in accordance in accordance with IAS 36.

Ensurge determines if an arrangement is a lease at inception. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments, less any lease incentives. The Company's incremental borrowing rate based on the information available at commencement date is used in determining the present value of lease payments. Extension options are included when it, based on management's judgement, is reasonably certain to be exercised. ROU assets are measured at cost and include the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs, and restoration costs. Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less and low-value assets.

2.17 Share based remuneration and derivatives over own shares

(a) Share based remuneration

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at grant date. The fair value of the instruments is determined using a Black-Scholes option pricing model. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest.

For social security contribution related to equity settled share-based payment transactions with employees, a liability is recognized. The liability is initially measured at the fair value of the liability. At the end of each reporting period until the liability is settled, and the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss for the year.

(b) Derivatives over own shares

The warrants are derivatives over own shares and the exercise price is denominated in Norwegian Kroner (NOK), while the functional currency of the Company is the US Dollar. As a result of this difference in currencies, the proceeds received by the Company varied based on foreign exchange rates. Thus, the fixed for fixed criteria in IAS 32.11 is not met. Further, the warrants were not allocated pro rate to all existing owners of the same class of own equity instruments and did not meet the strict criteria for the rights issue exemption in IAS 32.11. Thus, the warrants are classified as derivative liabilities (scoped under IFRS 9) and measured at fair value (in accordance with IFRS 13) in the statement of financial position. Any changes in fair value from period to period were recorded as a non-cash gain or loss in the consolidated statement of net loss/(income) and comprehensive loss/(income). Upon exercise, the holders paid the Company the respective exercise price for each warrant exercised in exchange for one common share of Ensurge Micropower ASA and the fair value at the date of exercise and the associated non-cash liability was reclassified to equity. The non-cash liability associated with any warrants that expired are recorded as a gain in the consolidated statement of net loss/(income) and comprehensive loss/(income) when the liability was extinguished/expired.

2.18 Cash flow statement

The cash flow statement is prepared in accordance with the indirect method.

2.19 Segment information

Operating segments, according to IFRS 8, are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources, assessing performance and making strategic decisions, has been identified as the Chief Executive Officer (CEO). Based on Ensurge's current deliveries, performance obligations, customer characteristic and other information, it has been assessed that Ensurge has only one operating segment. Hence, primarily information according to IFRS 8 paragraphs 32–34 is provided.

2.20 Changes in accounting principles

Ensurge has, with effect from 1 January 2021, implemented the amendments to IFRS 16 Covid 19 related Rent Concessions, IFRS 4 Insurance contracts deferral of IFRS 9 and IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, the interest rate benchmark reform phase 2. The implementation of these standards has not had a material impact on the Group in the current reporting period. The Group has not chosen to adopt early any standards, interpretations or amendments that have been issued but are not yet effective.

2.21 Approved standards and interpretations not yet in effect

In addition to these standards, the following new and revised IFRSs have been issued but were not mandatory for annual reporting periods ending on 31 December 2021. The Group will assess the potential impact of these new and revised standards in due course.

- Amendments to IFRS 3: Reference to the Conceptual Framework
- Amendments to IAS 16: Property, Plant and Equipment: Proceeds before intended use
- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract
- IFRS 1, IFRS 9, IFRS 16, IAS 41: Annual Improvements to IFRS Standards 2018-2020
- Amendments to IAS I and IFRS Practice Statement 2: Financial Statements: Classification of Liabilities

as Current or Non-current, Disclosure of Accounting policies

- Amendment to IAS 8: Definition of Accounting Estimates
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- IFRS 17 Insurance contracts and amendments

3. Segment information

Ensurge's business consists of sale of products, services and development of electronic products and related solutions. The CEO has determined that the group has only one operating segment. Consequently, no additional segment information is disclosed. Reference is made to Note 14, 15 and 16 for entity-wide disclosures.

4. Capital management and financial risk

4.1 Capital management

The group manages its capital to ensure that entities in the group will be able to continue as a going concern. The capital structure of the group consists of equity and current and non-current interest-bearing liabilities. The group is not subject to any externally imposed capital requirements apart from the requirements according to national laws and regulations for limited liability companies. In September 2019, the Company's subsidiary, Ensurge Micropower, Inc. closed an equipment term loan facility with Utica Leaseco, LLC for USD 13.2 million secured by select fixed assets (see Note 6). The terms of the Master Lease Agreement were interest-only monthly payments for the first six months, followed by three months of interim payments, and thereafter a four-year amortization period during which monthly principal and interest payments are due. The Company entered into First Amendment to lease documents (Amendment) in April 2020. The new terms of the amended agreement were that the lessor agreed to accept reduced payments for the month of April 2020, and interest-only payments for May-November 2020, and thereafter to re-amortize the remaining balance of the transaction. The Company entered into the Second Amendment to the lease documents (Amendment) in December 2020. The new terms of the amended agreement are that the lessor agreed to accept modified payments from January through June 2021. In July 2021, regular payments resumed, and included a lump sum "true up" payment for each Schedule to repay the difference of the amounts due and the reduced payments permitted under this Amendment.

The Company used the proceeds from the loans for working capital to fund ongoing operations and to pay for remaining scheduled payments for the R2R line. The company is working on obtaining additional equity funding. See Note 2.1 Going concern.

4.2 Financial risk factors

Ensurge is exposed to certain financial risks related to exchange rates and interest level. These are, however, insignificant compared to the business risk.

(a) Market risk factors

(i) Currency risk

The Group has the majority of its operations in the USA. As of 31 December 2021, approximately 83% of the Company's cash balance was denominated in USD, in order to mitigate currency risk associated with the increased value of the USD relative to NOK. Management monitors this risk and will take the appropriate actions to address it as the situation requires.

(ii) Interest risk

Ensurge Micropower, Inc., the U.S. operating subsidiary and global headquarters of the Ensurge Micropower Group, closed an equipment term loan facility with Utica Leaseco, LLC for financing of USD 13.2 million, which funded in two tranches during the month of September 2019. The interest rate associated with this debt is fixed, and therefore, does not present the potential risk that would be associated with interest rate fluctuations.

(b) Credit risk

The company has some credit risks relating to receivables. The loss on receivables has historically been low.

In connection with the relocation of Ensurge's US headquarters in 2017, a USD 1,600 thousand Letter of Credit was issued by Ensurge Micropower ASA to the landlord of the Junction Avenue facility located in San Jose, California. In addition, the Company entered into a Tenancy Guaranty with the landlord as additional security of the rent payments. The initial guaranty liability amounted to USD 5,000 thousand and reduces on an annual basis by USD 500 thousand per year, commencing with the second lease year until the liability reaches zero dollars. As of 31 December 2021, the guaranty liability amounted to USD 3,000 thousand. Apart from that, Ensurge has not issued additional material guarantees.

(c) Liquidity risk

Aside from the equipment term loan facility of USD 13.2 million closed in September 2019, Ensurge does not have any other material interest-bearing debt. In addition, the company has a continued obligation under a lease agreement signed in

November 2016 relating to its U.S. headquarters in San Jose, California.

The Company was able to raise equity financing in 2021 but is not yet cash generative and operates at a loss. There is uncertainty tied to the generation of future cash flow in connection with the Company's new business strategy. As described in Note 2.1 Basis of preparation, the Company is currently pursuing alternative forms of generating cash in order to meet its financial obligations. There is no assurance that the Company will be successful in raising funds. Failure to obtain future funding, when needed or on acceptable terms, would adversely affect its ability to continue as a going concern.

4.3 Fair value estimation

The carrying amounts of trade and other receivables and payables are considered to be the same as their fair values, due to their short-term nature. Accounts payable and accrued liabilities with due date within 12 months have been recognized at carrying value.

4.4 Financial instruments

Ensurge is not party to any transactions or financial instruments which are not recorded in the balance sheet or otherwise disclosed.

5. Critical accounting estimates and judgments

The financial statements of the group have been prepared based on the going concern assumption. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Reference is made to Note 2.1 Going concern. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results.

The estimates and assumptions in the financial statements of the group mainly relate to share based compensation, warrants, deferred tax assets, accounting for research and development, intangible assets, property, plant and equipment and leases.

Share based compensation:

Ensurge estimates the fair value of options at the grant date. As the subscription rights are structured equal to an option, the Black-Scholes option pricing model is used for valuing the share subscription rights. The model uses the following parameters; the exercise price, the life of the option, the current price of the underlying shares, the expected volatility of the share price, the dividends expected on the shares, and the risk-free interest rate for the life of the option. The cost of share based remuneration is expensed over the vesting period. Such estimates are updated at the balance sheet date. Changes in this estimate will impact the expensed cost of share based remuneration in the period. The variables, assumptions and relevant theoretical foundations used in the calculation of the fair value per share subscription right is estimated according to the IFRS 2 standard.

Warrants:

The warrants were classified as derivative liabilities (scoped under IFRS 9) and measured at fair value (in accordance with IFRS 13) in the statement of financial position. The model uses the following parameters: the exercise price, the life of the warrant, the current price of the underlying shares, the expected volatility of the shares and the risk free interest rate for the life of the warrant. Changes in the estimate will impact the financial items in the profit and loss statements. The warrants expired in Q3 2021.

Deferred tax assets:

Deferred tax assets related to losses carried forward are recognized when it is probable that the loss carried forward may be utilized. Evaluation of probability is based on historical earnings, expected future margins and the size of the order back-log. Future events may lead to these estimates being changed. Such changes will be recognized when reliable new estimates can be made. No deferred tax assets have been recognized in the balance sheet as of 31 December 2021.

Research and development:

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset only when Ensurge can demonstrate the technical feasibility of completing the intangible assets so that it will be available for use or sale, the Company's intention and capability of completing the development and realize the asset, and the net future financial benefits of use or sale. Determining whether an expense meets the definition of a development cost requires judgment to be applied. Capitalized development costs as of 31 December 2021 are fully impaired. See Note 7.

Intangible assets:

In connection with the purchase of certain assets from Kovio, Inc., in January 2014, Ensurge acquired an IP portfolio of ninety patent families. In addition, Ensurge has acquired certain licenses and capitalized certain development costs relating to printed batteries. These assets are recognized in the balance sheet as intangible assets and valued at fair value less accumulated amortization and impairment losses. The book value is dependent on the successful development of the technology in the Parent Company and in the subsidiaries. As of 31 December 2021 the intangible assets are fully impaired. See Note 7.

Property, plant and equipment (PPE):

In connection to establishing US headquarters in San Jose, Ensurge has invested in PPE, including a roll-based production line. Determining whether equipment / a tool a) is under construction b) is ready for use in production c) will generate sufficient net future benefits on a stand-alone basis or as part of a production line, requires judgment to be applied. Similarly, any subsequent reversal will require judgment to be applied. The corporate restructuring announced in 2019 triggered impairment testing relating to these assets. See Note 6 for quantification of book values and impairments.

Lease:

The Company entered into a lease agreement in November 2016 relating to the property building of its US headquarters in San Jose, California. Ensurge assesses whether the lease has been impaired by applying the requirements in IAS 36 - Impairment of assets. As of 31 December 2021, the book value of the leased building is USD 0 thousand, whereas the book value of the lease liability is USD 12,175 thousand. See Note 8.

6. Property, plant and equipment

Amounts in USD 1,000	Laboratory and production equipment
Useful life, years	5
2021	
Accumulated cost on 1 January 2021	**50,773**
Additions	1,839
Accumulated cost 31 December 2021	**52,612**
Accumulated depreciation	
Accumulated depreciation and impairments on 1 January 2021	(50,547)
Depreciation expenses	(32)
Accumulated depreciation and impairment 31 December 2021	**(50,579)**
Net book value 31 December 2021	**2,033**
2020	
Accumulated cost on 1 January 2020	50,858
Additions	248
Sale / disposal of assets	(333)
Accumulated cost 31 December 2020	**50,773**
Accumulated depreciation	
Accumulated depreciation on 1 January 2020	(50,858)
Depreciation expenses	(22)
Impairment	333
Accumulated depreciation 31 December 2020	**(50,547)**
Net book value 31 December 2020	**226**

All property, plant and equipment are based in San Jose, California.

Impairment:

The company revised its strategy in 2019 and impaired the production related assets. This triggered an impairment test. Management views the roll-to-roll technology, production facility and related assets as broadly applicable to multiple potential applications, including for use in its strategy to develop and produce a new and innovative class of ultrathin, ultrasafe solid-state lithium batteries for wearable devices, connected sensors. However, management believes that the 'value in use' is not readily supportable, as it has only been forecasted in a financial model, with no real data to support the estimates. As there is no observable market data on these assets, management have not been able to find a reliable estimate on 'fair value less costs to sell'. Due to these uncertainties the assets, including intangible assets (see Note 7) and right-of-use assets (see Note 8) were fully impaired as of 31 December 2019. If the revised strategy is successful, the Company may reverse some or all of the impairment of production related assets.

Assets pledged as security:

The majority of production facility assets, including the roll-to-roll (R2R) production facility, have been pledged to secure borrowings of the group (see Note 14). The group is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

7. Intangible assets

Amounts in USD 1,000	Purchased intellectual property	Capitalized development costs	Total
Amortization period, years (linear)	13–16		
2021			
Acquisition cost			
Accumulated cost on 1 January 2021	1,791	1,630	3,421
Additions	—	—	—
Accumulated cost 31 December 2021	**1,791**	**1,630**	**3,421**
Accumulated amortization and impairment on 1 January 2021	(1,791)	(1,630)	(3,421)
Amortization	—	—	—
Amortization and Impairment 31 December 2021	**(1,791)**	**(1,630)**	**(3,421)**
Net book value 31 December 2021	**—**	**—**	**—**
2020			
Acquisition cost			
Accumulated cost on 1 January 2020	1,791	1,630	3,421
Accumulated cost 31 December 2020	**1,791**	**1,630**	**3,421**
Accumulated amortization and impairment on 1 January 2020	(1,791)	(1,630)	(3,421)
Amortization and Impairment 31 December 2020	**(1,791)**	**(1,630)**	**(3,421)**
Net book value 31 December 2020	**—**	**—**	**—**

Ensurge revised its strategy in 2019 and impaired all intangible assets. If the revised strategy is successful, the Company may reverse some or all of the impairment of intangible assets. See Note 6.

8. Right-of-use assets

The Company entered into a lease agreement in November 2016 relating to the building of its US headquarters in San Jose, CA. The lease in San Jose expires in September 2028. Ensurge applies exemption for short term leases (12 months or less) and low value leases. The borrowing rate applied in discounting of the nominal lease debt is 7.25%. Right-of-use assets are depreciated linearly over the lifetime of the related lease contract.

Amounts in USD 1,000	Lease Liability
Lease liability recognized at 1 January 2021	13,244
Lease payment (see note below)	(1,996)
Interest expense	927
Lease liability as of 31 December 2021	**12,175**

For maturity schedule of minimum lease payments, see Note 14.

In the statement of cash flow, the principal portions of lease payments are included in line Lease payment with an amount of USD 1,069 thousand, and interest portion of the payment are included in line Interest paid with an amount of USD 927 thousand. Both are presented as cash flow from financing activities.

A small part of the building was sub-leased and classified as operating lease in 2020. The income in 2020 amounts to USD 109 thousand is presented as other income (see Note 18).

9. Inventory

Amounts in USD 1,000	31 December 2021	31 December 2020
Finished goods	514	—
Raw materials	215	638
Net book value	**—**	**—**
Inventory reserved	729	638

10. Trade and other receivables

Amounts in USD 1,000	31 December 2021	31 December 2020
Customer receivables	174	141
Other receivables, prepayments	5,076	4,422
Income tax prepayments	—	5
Less: provision for impairment of receivables and prepayments	(3,428)	(3,428)
Receivables — net	**1,822**	**1,140**
Of this, receivables from related parties (Note 24)	—	—

Of other receivables, prepayments of USD 3,287 thousand (which is fully impaired); (2020: USD 3,287 thousand) relate to equipment for San Jose site not yet delivered. All receivables are due within one year and book value approximates fair value.

Other non-current financial receivables of USD 573 thousand mostly relates to security deposit held by Utica Leaseco, LLC.

Total receivables are denominated in currencies as shown below

Amounts in USD 1,000	31 December 2021	31 December 2020
Denominated in NOK	918	209
Denominated in SEK	—	10
Denominated in USD	904	921
Total	**1,822**	**1,140**

Trade receivables USD 140 thousand were past due by more than 90 days.

The group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

11. Cash and bank deposits

Amounts in USD 1,000	31 December 2021	31 December 2020
Cash in bank excluding restricted cash	5,221	3,925
Deposit for Letter of Credit (restricted)	1,626	1,626
Proceeds pending from warrant exercises (restricted)	0	229
Deposit for withheld tax (restricted)	6	10
Total	**6,853**	**5,790**

Payable withheld tax amounts in Norway at 31 December 2021 were USD 0 thousand (2020: USD 0 thousand).

12. Share capital, warrants and subscription rights

	Number of shares	Number of warrants
Shares at 1 January 2021	**985,548,186**	**679,182,172**
Shares issued	68,922,869	—
Warrants exercised and issued	636,345,839	(636,345,839)
Warrants exercised, paid and unissued at 31 December 2020	17,212,094	
Warrants exercised, pending payment and unissued at 31 December 2020	38,468,864	
Expired warrants		(42,836,333)
Shares at 31 December 2021	**1,746,497,852**	**—**
Shares at 1 January 2020	**58,593,581**	**—**
Shares issued	697,301,779	—
Allotment of warrants		982,351,512
Warrants exercised and issued	229,652,826	(229,652,826)
Exercise, paid and unissued		(17,212,094)
Exercise, pending payment and unissued		(38,468,864)
Expired warrants		(17,835,556)
**Shares at 31 December 2020 ** **	**985,548,186**	**679,182,172**

**55,680,958 exercised but not registered warrants are excluded from issued shares in this table.

Number of subscription rights	1 January – 31 December 2021	1 January – 31 December 2020
Subscription rights opening balance	84,168,580	5,373,230
Grant of incentive subscription rights	117,909,714	81,363,440
Terminated, forfeited and expired subscription rights	(10,569,496)	(2,568,090)
Exercise of subscription rights	—	—
Subscription rights closing balance	**191,508,798**	**84,168,580**

At the Extraordinary General Meeting of 19 August 2020, the shareholders approved grants of a total of 13,800,000 incentive subscription rights to four board members. The exercise price is NOK 0.15 [NOK 1.35 post 9:1 share consolidation] per share, provided, however, that, subject to the board's discretion, the exercise price may be set higher than NOK 0.15 to avoid any issues with taxation in the jurisdiction of the director. To this end, the subscription rights granted to board members Jon Castor and Kelly Doss on 19 August 2020 have an exercise price per share of

NOK 0.3415 [NOK 3.07 post 9:1 share consolidation] per share. 50 percent of the subscription rights became vested and exercisable on 3 June 2021, and the remaining 50 percent of the subscription rights will become vested and exercisable on the earliest of the date immediately preceding the 2022 Annual General Meeting and 30 June 2022.

The board of directors resolved on 11 September 2020 to issue 60,031,441 incentive subscription rights to employees in the Ensurge group. The grant was made under the Company's 2020 incentive subscription rights plan as resolved at the Extraordinary General Meeting on 19 August 2020. The exercise price of the subscription rights is NOK 0.2840 [NOK 2.56 post 9:1 share consolidation] per share. The subscription rights vest by 50 percent per year over two years and expire on 19 August 2025.

In connection with the 15 April 2020 Extraordinary General Meeting, the Company conducted a reduction of paid in capital by reduction in par value of shares in accordance with the Norwegian Public Limited Companies Act to cover the losses. The implication of this action is that a resolution to distribute dividends may not be adopted until three years have elapsed from the registration in the Register of Business Enterprises, unless the share capital subsequently has been increased by an amount at least equal to the reduction. The Board proposed and the shareholders approved a reduction in share capital by a reduction of the par value of the shares from NOK 2.20 to NOK 0.11 [NOK 0.99 post 9:1 share consolidation] per share to cover losses. In order to secure the commitment by the consortium of investors, in May 2020, the Board resolved and issued 5,859,357 shares to investors at a subscription price per share of NOK 0.11 [NOK 0.99 post 9:1 share consolidation], equaling the proposed subscription price in the Private Placement. The current board authorization was approved at the 23 October 2019 extraordinary general meeting.

At the Extraordinary General Meeting of 20 May 2020, the proposals in the Notice of the Extraordinary General Meeting were approved by the shareholders.

1 The Company completed the private placement and issued 227,272,727 new shares, thereby increasing share capital by NOK 32,089,823.15 divided into 291,725,665 shares, each share had a par value of NOK 0.11 [NOK 0.99 post 9:1 share consolidation]. For each private placement share offered, two warrants ("Warrants") were attached and issued to such subscriber. A total of 454,545,454 warrants were issued as part of the private placement. The warrants were issued free of charge. Each warrant entitled the holder to demand the issuance of one (1) share in the Company. The first tranche of warrants, totaling 227,272,727 warrants ("Warrant A"), expired on 31 December 2020, had an exercise price per share of NOK 0.11 [NOK 0.99 post 9:1 share consolidation]. The second tranche of warrants, totaling 227,272,727 warrants ("Warrant B"), expired on 20 August 2021, and had an exercise price per share of NOK 0.25 [NOK 2.25 post 9:1 share consolidation].

2 The subsequent offering raised NOK 7 million with the issuance of 63,636,363 shares at a subscription price of NOK 0.11 [NOK 0.99 post 9:1 share consolidation]. The subscription period expired on 29 June 2020. Following payments of the subscription amounts and the registration of the subsequent offering with the Norwegian Register of Business Enterprises, the share capital was NOK 39,089,823.08 divided into 355,362,028 shares, each with a par value of NOK 0.11 [NOK 0.99 post 9:1 share consolidation]. For every share subscribed for and allocated in this subsequent offering, two (2) warrants were attached and issued to such subscriber. As a consequence of this subsequent offering being fully subscribed, a total of 127,272,726 warrants were issued as part of this subsequent offering. The warrants were issued free of charge. Each warrant entitled the holder to demand the issuance of one (1) share in the Company. The first tranche of warrants, totaling 63,636,363 warrants ("Warrant A"), expired on 31 December 2020, and had an exercise price per share of NOK 0.11 [NOK 0.99 post 9:1 share consolidation]. The second tranche of warrants, totaling 63,636,363 warrants ("Warrant B"), expired on 20 August 2021, and had an exercise price per share of NOK 0.25 [NOK 2.25 post 9:1 share consolidation].

At the Extraordinary General Meeting of 19 August 2020, the proposals in the Notice of the Extraordinary General Meeting were approved by the shareholders.

1 The Company completed the private placement of 333,866,666 new shares at a subscription price of NOK 0.15 [NOK 1.35 post 9:1 share consolidation], thereby increasing share capital by NOK 50,080,000. Each share had a par value of NOK 0.11 [NOK 0.99 post 9:1 share consolidation]. For each private placement share, a warrant was attached and issued to each subscriber. As a consequence of the private placement offering being fully subscribed, a total of 333,866,666 warrants were issued as part of the offering. The warrants had an exercise price of NOK 0.25 [NOK 2.25 post 9:1 share consolidation] and expired 30 June 2021.

2 The subsequent offering raised NOK 10 million with the issuance of 66,666,666 shares at a subscription price of NOK 0.15 [NOK 1.35 post 9:1 share consolidation]. The subscription period expired on 15 September 2020 with the shares registered on 1 October 2020. For every share subscribed for and allocated in the

subsequent offering, a warrant was attached and issued to such subscriber. As a consequence of the subsequent offering being fully subscribed, a total of 66,666,666 warrants were issued as part of the subsequent offering. The warrants were issued free of charge. Each warrant entitled the holder to demand the issuance of one (1) share in the Company. The warrants, totaling 66,666,666 ("Warrant C"), had an exercise price of NOK 0.25 [NOK 2.25 post 9:1 share consolidation] and expired 30 June 2021.

On 1 March 2021, the Company announced the completion of a private placement of 68,922,869 shares at a subscription price of NOK 0.82 [NOK 7.38 post 9:1 share consolidation] per share, resulting in gross proceeds of NOK 56.5 million.

The board of directors resolved on 19 January 2021 to grant 978,860 subscription rights to employees in the Ensurge Group. The grants were made under the Company's 2020 Subscription Rights Incentive Plan, as resolved at the Extraordinary General Meeting on 19 August 2020. The exercise price of the subscription rights is NOK 0.6225 [NOK 5.6025 post 9:1 share consolidation] per share. The subscription rights vest by 50% per year over two years and expire on 19 August 2025.

The board of directors resolved on 19 January 2021 to grant 23,316,694 subscription rights to employees in the Ensurge Group. The grants were made under the Company's 2020 Subscription Rights Incentive Plan, resolved at the Extraordinary General Meeting on 19 August 2020. The exercise price of the subscription rights is NOK 0.6225 [NOK 5.6025 post 9:1 share consolidation] per share. The subscription rights vest by 50% per year over two years and expire on 19 August 2025.

The board of directors resolved on 19 January 2021 to grant 7,024,580 subscription rights to the members of the Board of Directors of the Company. The exercise price to be paid per share is NOK 0.15 [NOK 1.35 post 9:1 share consolidation] per share for Morten Opstad and Preeti Mardia, while the exercise price per share for Jon Castor and Kelly Doss is NOK 0.6225 [NOK 5.6025 post 9:1 share consolidation]. The subscription rights vest by 50% per year over two years and expire on 19 August 2025.

The board of directors resolved on 12 March 2021 to issue a total of 350,000 incentive subscription rights to employees in the Ensurge group. The grants were made under the Company's 2020 incentive subscription rights plan as resolved at the Extraordinary General Meeting on 19 August 2020. The exercise price of the subscription rights is NOK 0.7601 [NOK 6.8409 post 9:1 share consolidation] per share. The subscription rights vest by 50% per year over two years and expire on 19 August 2025.

The board of directors resolved on 16 April 2021 to issue a total of 475,000 incentive subscription rights to employees in the Ensurge group. The grants were made under the Company's 2020 incentive subscription rights plan as resolved at the Extraordinary General Meeting on 19 August 2020. The exercise price of the subscription rights is NOK 0.8110 [NOK 7.299 post 9:1 share consolidation] per share. The subscription rights vest by 50% per year over two years and expire on 19 August 2025.

The board of directors resolved on 6 May 2021 to issue a total of 800,000 incentive subscription rights to employees in the Ensurge group. The grants were made under the Company's 2020 incentive subscription rights plan as resolved at the Extraordinary General Meeting on 19 August 2020. The exercise price of the subscription rights is NOK 0.7954 [NOK 7.16 post 9:1 share consolidation] per share. The subscription rights vest by 50% per year over two years and expire on 19 August 2025.

At the Extraordinary General Meeting held on 19 August 2020 (the "EGM") whereby, the 2020 Subscription Rights Incentive program for employees ("2020 SR Plan") and the subscription rights program for the Board of Directors ("2020 Board Plan") were resolved. Due to the substantial number of warrants issued in connection with the two private placements in 2020, the maximum numbers of subscription rights issuable under the 2020 SR Plan and 2020 Board Plan were calculated based on a percentage of the share capital on a "Fully Diluted" basis, taking into account issued and outstanding warrants, but always limited to 10% and 2%, respectively, of the Company's share capital. Practically speaking, this provided that more incentive subscription rights can be issued, as anti-dilution grants, once warrants become exercised ("Anti-dilutive Grants").

Further to such EGM resolutions, the Company has on 12 May 2021 resolved to issue a total of 54,334,574 incentive subscription rights to employees in the Ensurge group and 13,583,644 incentive subscription rights to members of the Board of Directors. The grants were made under the Company's 2020 SR Plan and 2020 Board Plan, respectively, as approved by the EGM. The exercise price of the subscription rights is NOK 0.7757 [NOK 6.9813 post 9:1 share consolidation] per share, provided however that the exercise price for European Board members is NOK 0.15 [NOK 1.35 post 9:1 share consolidation]. The subscription rights will vest as set out in the 2020 SR Plan and 2020 Board Plan.

The foregoing Anti-dilutive Grants remain subject to approval by the 2021 Annual General Meeting in accordance with the terms and conditions set out in Section 9 of the Notice of such Annual General Meeting (which Notice was published on Oslo Børs on 12 May 2021). Moreover, as the Anti-dilutive Grants assume 100% exercise of Warrants B and C, which expired on 20 August 2021 and 30 June 2021, respectively, a proportionate number of the Anti-dilutive Grants will be cancelled and forfeited to the extent Warrants B and C are not exercised within their respective expiration dates.

The board of directors resolved on 22 June 2021 to issue a total of 3,660,000 incentive subscription rights to employees and an advisor in the Ensurge group. The grants were made under the Company's 2021 incentive subscription rights plan as resolved at the Annual General Meeting on 3 June 2021. The exercise price of the subscription rights is NOK 0.7801 [NOK 7.02 post 9:1 share consolidation] per share. The subscription rights vest by 50% per year over two years and expire on 3 June 2026.

The board of directors resolved on 27 August 2021 to issue a total of 10,650,000 incentive subscription rights to employees in the Ensurge group. The grants were made under the Company's 2021 incentive subscription rights plan as resolved at the Annual General Meeting on 3 June 2021. The exercise price of the subscription rights is NOK 0.6594 [NOK 5.9346 post 9:1 share consolidation] per share. The subscription rights vest by 50% per year over two years and expire on 3 June 2026.

The board of directors resolved on 26 October 2021 to issue a total of 7,020,000 incentive subscription rights to employees in the Ensurge group. The grants were made under the Company's 2021 incentive subscription rights plan as resolved at the Annual General Meeting on 3 June 2021. The exercise price of the subscription rights is NOK 0.6873 [NOK 6.1857 post 9:1 share consolidation] per share. The subscription rights vest by 50% per year over two years and expire on 3 June 2026.

13. Trade and other payables

Amounts in USD 1,000	31 December 2021	31 December 2020
Trade payables	563	937
Public duties, withheld taxes and social security taxes due	915	175
Share-based liability (subscription rights), employer´s tax	163	77
Accrued holiday pay and other accrued salary	677	434
Current lease liabilities	1,278	1,069
Other accrued expenses	560	754
Total	**4,156**	**3,445**
Of this, payables to related parties (Note 24)	15	176

Total payables and accruals are denominated in currencies as shown below

Amounts in USD 1,000	31 December 2021	31 December 2020
Denominated in NOK	1,099	200
Denominated in SEK	—	6
Denominated in USD	3,057	3,239
Total	**4,156**	**3,445**

14. Current and long-term debt

In September 2019, the subsidiary in US, Ensurge Micropower, Inc., closed an equipment term loan facility with Utica for USD 13,200 thousand secured by select fixed assets (see Note 6). The terms of the agreement were interest-only monthly payments for the first six months, followed by three months of interim payments, and thereafter a four-year amortization period during which monthly principal and interest payments are due. The Company entered into the First Amendment (Amendment) in April 2020. The terms of the amended agreement were that the lender agreed to accept reduced payments for the month of April 2020, and interest-only payments for May–November 2020, and thereafter to re-amortize the remaining balance of the transaction. The Company entered into the Second Amendment (Amendment) in December 2020. The new terms of the amended agreement are that the lender agreed to accept modified payments from January through June 2021. In July 2021, regular payments resumed, and included a lump sum “true up” payment for each Schedule to repay the difference of the amounts due and the reduced payments permitted under this Amendment. For the twelve months ended 31 December 2021, the current portion of the loan principal of USD 3,855 thousand and the long-term portion of the principal of USD 5,854 thousand is recorded as Long-term Debt in the Consolidated Statements of Financial Position.

The interest rate for the financing is at 14%. Table below discloses principal payment obligations as well as interest payments for the company.

The Company has pledged its roll-to-roll production line equipment and certain sheet-line tools as collateral against the Utica loan. Book value of assets pledged is zero.

The Company entered into a lease agreement in November 2016 relating to its US headquarters in San Jose, California. The lease in San Jose expires in September 2028. The building element of the lease agreement is classified as a lease liability. As a part of the relocation of Ensurge’s US headquarters in 2017, a USD 1,600 thousand Letter of Credit was issued by Ensurge Micropower ASA to the landlord. The restricted cash of USD 1,600 thousand securing the Letter of Credit is included in the Company’s cash and cash equivalents. Ensurge Micropower ASA, in addition, entered into a Tenancy Guarantee with the landlord. The guarantee was given to secure payment of the lease rent. The initial guarantee liability amounted to USD 5,000 thousand and reduces on an annual basis of USD 500 thousand per year commencing with the second lease year until the liability reaches zero dollars. As of 31 December 2021, the guarantee liability amounted to USD 3,000 thousand.

The San Jose, California lease is reflected under this caption and the table below. In addition, see Note 25.

The interest rate for the financing is at 17%. Table below disclosures principal payment obligations for the company.

Maturity schedule – liabilities

Amounts in USD 1,000									31 December 2021
	Principal and Interest Due								
	Within 1 year				1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
	1st qtr	2nd qtr	3rd qtr	4th qtr					
Principal obligations due	902	942	984	1,027	4,580	1,274	—	—	—
Interest payments	409	369	327	284	663	433	—	—	—
Lease payments	526	526	526	541	2,182	2,245	2,310	2,378	4,322
Total	**1,837**	**1,837**	**1,837**	**1,852**	**7,425**	**3,952**	**2,310**	**2,378**	**4,322**

15. Warrants liability

In connection with the Extraordinary General Meeting held on 20 May 2020, the proposals in the Notice of the Extraordinary General Meeting were approved by the shareholders.

1 The private placement and issuance of 227,272,727 new shares, resulted in two warrants (“Warrants”) issued to such subscriber. The warrants were issued free of charge. Each warrant entitled the holder to demand the issuance of one (1) share in the Company. The first tranche of warrants, totaling 227,272,727 warrants (“Warrant A”), expired on 31 December 2020, and had an exercise price per share of NOK 0.11 [NOK 0.99 post 9:1 share consolidation]. The second tranche of warrants, totaling 227,272,727 warrants (“Warrant B”), expired on 20 August 2021, and had an exercise price per share of NOK0.25 [NOK 2.25 post 9:1 share consolidation]. At the time of issue, the value of these warrants was determined to be USD 17,912 thousand based on the Black-Scholes valuation model.

2 The subsequent offering of NOK 7 million with the issuance of 63,636,363 shares at a subscription price of NOK 0.11 [NOK 0.99 post 9:1 share consolidation]. For every share subscribed for and allocated in the subsequent offering, two (2) warrants were attached and issued to such subscriber. As a consequence of the subsequent offering being fully subscribed, a total of 127,272,726 warrants were issued as part of the subsequent offering. The warrants were issued free of charge. Each warrant entitled the holder to demand the issuance of one (1) share in the Company. The first tranche of warrants, totaling 63,636,363 warrants ("Warrant A"), expired on 31 December 2020, and had an exercise price per share of NOK 0.11 [NOK 0.99 post 9:1 share consolidation]. The second tranche of warrants, totaling 63,636,363 warrants ("Warrant B"), expired on 20 August 2021 and had an exercise price per share of NOK 0.25 [NOK 2.25 post 9:1 share consolidation]. At the time of issue, the value of these warrants was determined to be USD 3,725 thousand based on the Black-Scholes valuation model.

At the Extraordinary General Meeting held on 19 August 2020, the proposals in the Notice of the Extraordinary General Meeting were approved by the shareholders.

1 The Company completed the private placement of 333,866,666 new shares at a subscription price of NOK 0.15 [NOK 1.35 post 9:1 share consolidation], thereby increasing share capital by NOK 50,080,000. Each share had a par value of NOK 0.11. For each private placement share a warrant was attached and issued to each subscriber. As a consequence of the private placement offering being fully subscribed, a total of 333,866,666 warrants ("Warrant C") were issued as part of the offering. The warrants had an exercise price of NOK 0.25 [NOK 2.25 post 9:1 share consolidation], and were exercisable between 31 March 2021 and 30 June 2021. At the time of issue, the value of these warrants was determined to be USD 6,063 thousand based on the Black-Scholes valuation model.

2 The subsequent offering raised NOK 10 million with the issuance of 66,666,666 shares at a subscription price of NOK 0.15 [NOK 1.35 post 9:1 share consolidation]. For every share subscribed for and allocated in the subsequent offering, a warrant was attached and issued to such subscriber. As a consequence of the subsequent offering being fully subscribed, a total of 66,666,666 warrants were issued as part of the subsequent offering. The warrants were issued free of charge. Each warrant entitled the holder to demand the issuance of one (1) share in the Company. The warrants, totaling 66,666,666 ("Warrant C"), were exercisable between 31 March 2021 and 30 June 2021, and had an exercise price per share of NOK 0.25 [NOK 2.25 post 9:1 share consolidation]. At the time of issue, the value of these warrants was determined to be USD 1,690 thousand based on the Black-Scholes valuation model.

The warrants were derivatives over own shares and the exercise price was denominated in Norwegian Kroner (NOK), while the functional currency of the Company is the US Dollar. As a result of this difference in currencies, the proceeds were received by the Company varied based on foreign exchange rates. Thus, the fixed for fixed criteria in IAS 32.11 was not met. Further, the warrants were not allocated pro rate to all existing owners of the same class of own equity instruments and did not meet the strict criteria for the rights issue exemption in IAS 32.11. Thus, the warrants were classified as derivative liabilities (scoped under IFRS 9) and measured at fair value (in accordance with IFRS 13) in the statement of financial position. Any changes in fair value from period to period are recorded as a non-cash gain or loss in the consolidated statement of net loss/(income) and comprehensive loss/(income). Upon exercise, the holders paid the Company the respective exercise price for each warrant exercised in exchange for one common share of Ensurge Micropower ASA and the fair value at the date of exercise and the associated non-cash liability was reclassified to share capital. The non-cash liability associated with any warrants that expired are recorded as a gain in the consolidated statement of net loss/(income) and comprehensive loss/(income) when the liability was extinguished/expired. A reconciliation of the change in fair values of the derivative is shown in the table below.

	Fair Value of Warrant Liability	
	As of 31 December 2021	As of 31 December 2020
Opening Balance	$26,020	$—
Warrants Issued	—	29,389
Warrants Exercised	(32,404)	(6,390)
Warrants Expired	(2,234)	(936)
Change in fair value of warrant liability	8,637	6,118
Ending Balance	19	28,181
Deferred loss*	(19)	(2,161)
Warrants liability	**—**	**26,020**

The fair value of the warrants was calculated using the Black-Scholes valuation model. The inputs used in the Black-Scholes valuation model are:

	As of 31 December 2020
Private placement and subsequent offering as approved on 20 May 2020	**Warrant B**
Share price	NOK 0.56
Exercise price	NOK 0.25
Expected term (in years)	0.64
Expected share price volatility	113.76%
Annual rate of quarterly dividends	0.00%
Risk-free interest rate	0.031%
Warrant expiration date	31 August 2021

	As of 31 December 2020
Private Placement & Subsequent Offering as approved on 19 August 2020	**Warrant C**
Share price	NOK 0.56
Exercise price	NOK 0.25
Expected term (in years)	0.50
Expected share price volatility	82.81%
Annual rate of quarterly dividends	0.00%
Risk-free interest rate	0.02%
Warrant expiration date	30 June 2021

See Note 12 for more details. Share and exercise price are before the 9:1 share consolidation completed in 2022.

16. Sales revenue

The breakdown of the sales revenue is as follows:

Amounts in USD 1,000	2021	2020
Sales of goods	—	492
Total	**—**	**492**

The Group is domiciled in Norway. There were no sales revenue from external customers in Norway for 2021 and 2020.

There were no sales revenue from external customers from other countries in 2021. The total sales revenue from customers in the United States in 2020 was USD 492 thousand.

No warranty costs, penalties or other losses were related to sales revenue in 2021 or 2020.

17. Government grants

In 2018 Ensurge Micropower ASA had a project qualified for the SkatteFUNN scheme for the three-year horizon 2018-2020, which relates to the innovative manufacturing of smart NFC labels enabling the Internet of Everything (IoE). The final contribution from the SkatteFUNN project, received in 2020, was NOK 2 million. The SkatteFUNN grant has been credited against cost on a systematic basis.

To receive grants from SkatteFUNN, the Company had engaged in research and development activities that qualified for the SkatteFUNN programme. The costs incurred were reported annually to the Norwegian tax authorities. The Company reported progress and achievements to the Research Council of Norway.

18. Other income

Amounts in USD 1,000	2021	2020
Sublease income from the site in San Jose, California (CA)	—	109
Gain on sale of fixed assets, related to sale of equipment from San Jose site.	—	(89)
Other	—	1
Total	**—**	**21**

19. Salaries and other payroll costs

Amounts in USD 1,000	2021	2020
Salaries	5,791	3,878
Social security costs	377	314
Share-based compensation (subscription rights), notional salary cost	4,754	626
Share-based compensation (subscription rights), accrued employer´s tax*	179	54
Pension contribution	208	151
Other personnel related expenses, including recruiting costs	931	422
Total	**12,240**	**5,445**
Average number of employees for the year (full-time equivalent)	31	19

At the end of the year the group had 35 full-time employees, up from 22 at the end of 2020.

The company has defined contribution pension plans. Contributions are expensed and paid when earned.

*Relates to remeasurement of social security costs. See Note 2.17.

Compensation to senior management

Amounts in USD 1,000	Salary	Pension contribution	Bonus	Share-based remuneration
2021				
Kevin Barber, CEO	384	12	159	1,812
David Williamson, Acting CFO	229	11	31	237
Arvind Kamath, EVP Technology Development	279	12	53	829
2020				
Kevin Barber, CEO	383	11	240	315
David Williamson, Acting CFO (from May 2020)	143	9	29	26
Mallorie Burak, CFO (until May 2020)	254	5		(36)
Arvind Kamath, EVP Technology Development	275	11	53	73

The salary amount is the salary declared for tax purposes. Bonus represents the amount earned and accrued as of year-end. Bonuses earned in 2020 were paid during 2021. Bonuses earned in 2021 have been paid in 2022. The value of share-based remuneration is the expensed amount excluding employer's tax in the period for incentive subscription rights. The subscription rights cease when the employee resigns.

There were no subscription rights exercised by senior management in 2021 or 2020.

The Company has not made any advance payments or issued loans to, or guarantees in favour of, any members of management.

Remuneration to the Board of Directors

The company has no other obligation to remunerate the board than the board remuneration as resolved at the annual general meeting. The annual general meeting on 3 June 2021 resolved remuneration to the chairman of NOK 230 thousand and USD 40 thousand (or an amount in NOK equivalent thereof) for each board member for the period from the annual general meeting in 2021 to the annual general meeting in 2022. Board chairman Morton Opstad shall further receive a remuneration of NOK 550 thousand (or an amount in USD equivalent thereof) fixed annual fee for Executive advisory services from the date of the 2021 Annual General Meeting until the date of the 2022 Annual General Meeting. Board member Jon S. Castor shall further receive a remuneration of USD 60 thousand (or an amount in NOK equivalent thereof) fixed annual fee for service as Chairman of a strategy committee to be appointed by the Board of Directors supporting the CEO of the Company in relation to strategic questions from the date of the 2020 Annual General Meeting until the date of the 2022 Annual General Meeting. The company has not issued any advance payments or loans to, or guarantees in favor of, any board member.

At the Extraordinary General Meeting of 19 August 2020, the shareholders approved grants of a total of 13,800,000 incentive subscription rights to four board members. The exercise price is NOK 0.15 [NOK 1.35 post 9:1 share consolidation] per share, provided, however, that, subject to the board's discretion, the exercise price may be set higher than NOK 0.15 to avoid any issues with taxation in the jurisdiction of the director. To this end, the subscription rights granted to board members Jon Castor and Kelly Doss on 19 August 2020 have an exercise price per share of NOK 0.3415 [NOK 3.07 post 9:1 share consolidation] per share. 50 percent of the subscription rights became vested and exercisable on 3 June 2021, and the remaining 50 percent of the subscription rights will become vested and exercisable on the earliest of the date immediately preceding the 2022 Annual General Meeting and 30 June 2022.

The board of directors resolved on 19 January 2021 to grant 7,204,580 subscription rights to the members of the Board of Directors of the Company. The exercise price to be paid per share is NOK 0.15 [NOK 1.35 post 9:1 share consolidation] per share for Morten Opstad and Preeti Mardia, while the exercise price per share for Jon Castor and Kelly Doss is NOK 0.6225 [NOK 5.6025 post 9:1 share consolidation]. The subscription rights vest by 50% per year over two years and expire on 19 August 2025.

At the Extraordinary General Meeting held on 19 August 2020 (the “EGM”) whereby, the 2020 Subscription Rights Incentive program for employees (“2020 SR Plan”) and the subscription rights program for the Board of Directors (“2020 Board Plan”) were resolved. Due to the substantial number of warrants issued in connection with the two private placements in 2020, the maximum numbers of subscription rights issuable under the 2020 SR Plan and 2020 Board Plan were calculated based on a percentage of the share capital on a “Fully Diluted” basis, taking into account issued and outstanding warrants, but always limited to 10% and 2%, respectively, of the Company’s share capital. Practically speaking, this provided that more incentive subscription rights can be issued, as anti-dilution grants, once warrants become exercised (“Anti-dilutive Grants”).

Further to such EGM resolutions, the Company has on 12 May 2021 resolved to issue a total of 54,334,574 incentive subscription rights to employees in the Ensurge group and 13,583,644 incentive subscription rights to members of the Board of Directors. The grants were made under the Company’s 2020 SR Plan and 2020 Board Plan, respectively, as approved by the EGM. The exercise price of the subscription rights is NOK 0.7757 [NOK 6.9813 post 9:1 share consolidation] per share, provided however that the exercise price for European Board members is NOK 0.15 [NOK 1.35 post 9:1 share consolidation]. The subscription rights will vest as set out in the 2020 SR Plan and 2020 Board Plan.

The foregoing Anti-dilutive Grants remain subject to approval by the 2021 Annual General Meeting in accordance with the terms and conditions set out in Section 9 of the Notice of such Annual General Meeting (which Notice was published on Oslo Børs on 12 May 2021). Moreover, as the Anti-dilutive Grants assume 100% exercise of Warrants B and C, which expired on 20 August 2021 and 30 June 2021, respectively, a proportionate number of the Anti-dilutive Grants will be cancelled and forfeited to the extent Warrants B and C are not exercised within their respective expiration dates.

20. Other operating expenses

Amounts in USD 1,000	2021	2020
Services	2,130	1,808
Premises, supplies	3,913	3,270
Sales and marketing	167	65
Other expenses	1,081	1,943
Total	**7,291**	**7,086**

Ensurge Micropower has lease agreements for premises in the following locations:

Oslo (Norway): The Corporate headquarter is located at Fridjof Nansens Plass 4, Oslo. The Company currently pays rent on a month to month basis. The monthly rent is NOK 11 thousand per month.

San Jose (California, US): The Company entered into a lease agreement in November 2016 relating to the property building of its Global headquarter at Junction Avenue in San Jose, CA. The lease in San Jose expires in September 2028. The average annual lease amount in the period is USD 2,052 thousand. See Note 8 for further description. From Q3 2018 to Q3 2020, the company received sublease income from the second floor of the building (see Note 18).

Only the lease agreement for the San Jose premises has a duration longer than twelve months.

21. Income tax expense

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

Amounts in USD 1,000	2021	2020
Profit (loss) before tax	(30,963)	(38,794)
Tax (tax income) calculated at domestic tax rate 22% (22%)	(6,812)	(8,535)
Effect of other tax rate in other countries	(495)	258
Mark to market adjustment	1,936	5,097
Other permanent differences	839	32
Change in deferred tax asset not recognised in the balance sheet	2,935	3,148
Tax charge	32	—

22. Deferred income tax

Deferred income tax assets and liabilities are offset when the company has a right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

Amounts in USD 1,000	31 December 2020	Charged to profit/loss	Equity	31 December 2021
Fixed and intangible assets	8,727	(228)	—	8,499
Inventory	979	(538)	—	441
Other accruals	4,883	(51)	—	4,831
Tax loss carried forward outside Norway	1,306	(245)	—	1,061
Tax loss carried forward Norway	64,575	2,958	—	67,533
Calculated deferred tax asset 22% (2020: 22%).	80,470	1,896	—	82,365
Impairment of deferred tax asset	(80,470)	(1,896)	—	(82,365)
Deferred tax in the balance sheet	—	—	—	—

The Equity column includes effects of currency translation.

The company has not recognised the tax asset as there is uncertainty relating to future taxable income for utilization of the tax loss carried forward, and the taxable loss on intangible assets. There is no expiration date on the tax loss carried forward. No tax item has been recorded directly to equity.

The unrecognized deferred tax asset is calculated by applying the local tax rates in Norway and the US. These tax rates are 22 and 21 percent respectively (2020: 22 and 21).

23. Profit (loss) per share

Amounts in USD	2021	2020
Profit (loss) attributable to equity holders of the Company (USD 1,000)	(30,963)	(38,794)
Average number of shares in issue	1,368,283,438	393,183,402
Average diluted number of shares	1,368,283,438	393,183,402
Profit (loss) per share, basic	**(USD 0.02)**	**(USD 0.10)**

When the period result is a loss, the loss per diluted number of shares shall not be reduced by the higher diluted number of shares, but the diluted result per share equals the result per basic number of shares.

The diluted number of shares has been calculated by the treasury stock method. If the adjusted exercise price of subscription rights exceeds the average share price in the period, the subscription rights are not counted as being dilutive.

24. Related party transactions

a) Transactions with related parties:

Amounts in USD 1,000	2021	2020
Purchases of services from law firm Ræder	450	271
Purchase of services from Acapulco Advisors AS	157	27
Purchase of services from Alden AS	35	—

In 2021, Ensurge recorded USD 450 thousand (net of VAT) for legal services provided by law firm Ræder, in which Ensurge's Chairman is a partner.

In 2021, Ensurge recorded USD 157 thousand for advisory services from Acapulco Advisors AS, a shareholder of Ensurge.

In connection with the private placement of shares announced on 1 March 2021, Ensurge recorded USD 35 thousand for a share lending agreement with Alden AS, a shareholder of Ensurge.

Robert N. Keith, a shareholder of Ensurge, entered into a consulting service agreement with effect from 1 January 2013. Mr. Keith assists Ensurge in strategic analysis and in dealing with larger, international, prospective partners. Mr. Keith waived his compensation for services provided in 2021 and 2020.

Transaction prices are based on what would be the prices for sale to third parties and are net of VAT.

b) Year-end balances arising from sales/purchases of goods/services with related parties

Amounts in USD 1,000	2021	2020
Payable to law firm Ræder	15	173
Payable to Acapulco Advisors AS	—	3

c) Remuneration to the auditor

Amounts in USD 1,000	2021	2020
Audit	206	156
Other assurance services	26	21
Tax services	2	4
Other services	—	—
Total	**235**	**181**

25. Guarantees

As a part of the relocation of Ensurge's US headquarters in 2017, a USD 1,600 thousand Letter of Credit was issued by Ensurge Micropower ASA to the landlord and is included in the Company's cash balance in Note 11 as restricted cash. Ensurge Micropower ASA has in addition entered into a Tenancy Guaranty with the landlord. The Guaranty is given to secure payment of the lease rent. The initial Guaranty liability amounted to USD 5,000 thousand and reduces on an annual basis of USD 500 thousand per year commencing with the second lease year until the liability reaches zero dollars. As at 31 December 2021, the Guaranty liability amounted to USD 3,000 thousand.

26. Shares, warrants and subscription rights

At the end of 2021 there were 1,746,497,852 shares in the company, versus 985,548,186 at the end of 2020. There were 11,801 registered shareholders (2020: 8,498).

Ensurge is not aware of any shareholding agreements between shareholders.

Top 20 registered shareholders as of 31 December 2021	Shares	Percent
UBS Switzerland AG	301,396,602	17.3%
ALDEN AS	203,854,302	11.7%
TIGERSTADEN AS	175,000,000	10.0%
MIDDELBORG INVEST AS	98,454,379	5.6%
Nordnet Bank AB	70,309,349	4.0%
R. SUNDVALL INVEST AS	44,661,218	2.6%
Favuseal AS	41,664,812	2.4%
DUKAT AS	35,113,633	2.0%
FORSLAND, RUNAR	25,813,920	1.5%
JACO INVEST AS	24,000,000	1.4%
BNP Paribas	22,107,172	1.3%
SUNDVALL HOLDING AS	21,566,255	1.2%
HÅVI AS	19,171,622	1.1%
Danske Bank A/S	17,191,753	1.0%
The Bank of New York Mellon	17,009,840	1.0%
Union Bancaire Privee, UBP SA	16,000,000	0.9%
DNB Markets Aksjehandel/-analyse	16,000,000	0.9%
ANDREAS HOLDING AS	13,331,515	0.8%
DnB NOR Bank ASA, MEGLERKONTO INNLAND	12,198,321	0.7%
FORTE NORGE	11,250,000	0.6%
Total 20 largest shareholders	**1,186,094,693**	**67.9%**

Total other shareholders	560,510,159	32.1%
Total shares outstanding	**1,746,604,852**	**100.0%**

Shares, warrants and subscription rights held by primary insiders and close relations at 31 December 2021	Shares	Incentive subscription rights
Morten Opstad, Chairman	7,781,697	11,183,832
Preeti Mardia, Board Member	675,386	5,591,916
Jon Castor, Board Member	2,909,088	11,583,832
Kelly Doss, Board Member	2,030,301	5,791,916
Kevin Barber, CEO	2,727,270	70,299,089
David Williamson, Acting CFO	—	9,214,880
Arvind Kamath, EVP Technology Development	—	26,082,919
Total	**16,123,742**	**139,748,384**

Subscription rights

	2021		2020	
	Weighted average exercise price, NOK	Number of subscription rights	Weighted average exercise price, NOK	Number of subscription rights
Total at 1 January	0.49	84,168,580	4.48	5,373,230
Granted	0.67	117,909,714	0.34	81,363,440
Forfeited	0.84	(10,569,496)	1.81	(2,335,230)
Exercised	—	—	—	—
Expired			29.78	(232,860)
Total at 31 December	**0.59**	**191,508,798**	**0.44**	**84,168,580**
Number of exercisable subscription rights at 31 December (included in total)		55,043,110		—

The average strike price is lower than the quote share price on the Stock exchange at 31 December 2021. Exercise prices are before the 9:1 share consolidation completed in 2022.

Subscription rights outstanding at 31 December 2021

Holder	Number of subscription rights	Weighted average exercise price, NOK
Kevin Barber, CEO	70,299,089	0.66
David Williamson, Acting CFO	9,214,880	0.57
Arvind Kamath, EVP Technology Development	26,082,919	0.58
Employees and contractors	85,911,910	0.54
Total	**191,508,798**	**0.59**

There were no subscription rights exercised in 2021 or 2020. 2020. Exercise prices are before the 9:1 share consolidation completed in 2022.

Value of subscription rights and assumptions upon grant	Grants in 2021	Grants in 2020	Grants in 2019
Value of subscription right at grant date, NOK per subscription right	0.55–0.76	0.26–0.68	0.34–2.88
Share price, NOK per share	0.52–1.249	0.25–1.16	12.18–22.04
Exercise price, NOK per share	0.15–0.85	0.15–1.02	16.40–45.40
Expected annual volatility	235–236%	98–157%	62–145%
Duration, years	4.1–4.8	4.2–5.0	1.0–4.2
Expected dividend	—	—	-
Risk-free interest rate, government bonds	0.26–0.81%	0.14–0.79%	1.00–4.18%

Value of subscription rights and assumptions on 31 December 2021	Grants in 2021	Grants in 2020	Grants in 2019
Value of subscription right at 31 December 2021, NOK per subscription right	0.55–0.76	0.26–0.68	0–1.50
Share price, NOK per share	0.715	0.715	0.715
Exercise price, NOK per share	0.15–0.85	0.15–1.02	16.40–45.40
Expected annual volatility	235–236%	82–145%	0–209%
Duration, years	4.1–4.8	3.2–4.0	2.4–2.8
Expected dividend	—	—	—
Risk-free interest rate, government bonds	0.26–0.81%	0.14–1.31%	0–1.38%
Number of outstanding subscription rights at 31 December 2021	114,266,071	73,428,418	3,814,309

There were no subscription rights exercised in 2021 or 2020. Exercise prices are before the 9:1 share consolidation completed in 2022.

The Board of Directors of Ensurge Micropower ASA has become aware of an inadvertent mispricing, compared to US tax laws, of certain subscription rights awards previously granted to US employees under the Company's 2020 Subscription Rights Incentive Plan ("2020 Plan"). The Board has therefore, as allowed under the 2020 Plan, resolved to reprice such prior grants to become fully compliant with applicable US tax laws. With reference to the Company's announcements on Oslo Børs on 13 September, 16 October, 11 December, and 18 December 2020 regarding grants of subscription rights to employees, the exercise prices per share in these four rounds of grants have been amended to NOK 0.3300, NOK 0.3752, NOK 0.3900, and NOK 0.4470, respectively [NOK 2.97, NOK 3.38, NOK 3.51 and NOK 4.02 post the 9:1 share consolidation completed in 2022].

27. Statement on management remuneration policy

Ensurge's executive management during the year 2021 is specified in Note 19.

Several of the executive management team members serve as officers and directors in the subsidiaries without additional remuneration. The general meeting 2021 resolved guiding and binding executive remuneration policies. Ensurge's executive remuneration policy in 2021 was a continuation of the prior year's policy, including share-based remuneration in the form of a subscription rights incentive program as resolved at the annual general meeting, latest on 3 June 2021.

Guiding executive remuneration policy and effect of the policies

Ensurge offers a competitive remuneration consisting of a reasonable base salary with a pension contribution. Salary may be supplemented by performance-based cash bonus and incentive subscription rights. Cash bonus plans are limited to fixed percentage of base pay. In addition, the management team, apart from the CEO, may receive additional discretionary bonus payments tied to specific projects.

There is no post-employment remuneration beyond notice periods of 3-6 months. The current CEO, Kevin Barber, has a termination notice period of (i) three months in case of termination by the Company and

(ii) one month in case of termination by Mr. Barber. If the Company terminates Mr. Barber's employment (other than for cause) or if Mr. Barber resigns his employment for good reason, Mr. Barber is entitled to a severance pay equivalent to six months of his base salary and target bonus prorated for six months (if Mr. Barber is on schedule to meet the relevant bonus criteria for the year in question) calculated from the end of his termination notice period, all subject to such detailed terms and conditions as set out in his employment agreement.

The policy described above has been applied consistently throughout 2021. The principles described above apply also in 2022, however individual bonus targets and salary levels will be revisited during the Company's normal salary process. The executive remuneration policy will be reviewed at the Annual General Meeting in May 2022.

The actual remuneration to executive management team in 2021 is reported in Notes 19 and 26. In 2018, the Board decided to grant subscription rights to new members of the management team as a form of performance-based compensation. The options vest in tranches of 25 percent each year if the employee has not resigned his position at the vesting date and expire after five years.

The fair value of the subscription rights awarded, calculated according to Black-Scholes option pricing model, was NOK 129.4 million as of 31 December 2021. USD 4,388 thousand was expensed in 2021. At 31 December 2021, the estimated amount of share-based remuneration cost yet to be expensed throughout the vesting period is NOK 19.2 million.

The Company has granted the executive management team the following subscription rights in 2021:

Employee name	Number of SR	Weighted average exercise price	Grant date
Kevin Barber, CEO	37,967,529	0.73	20 January 2021, 12 May 2021
David Williamson, Acting CFO	5,332,700	0.73	20 January 2021, 12 May 2021
Arvind Kamath, EVP Technology Development	14,456,115	0.73	20 January 2021, 12 May 2021
Total	**57,756,344**	**0.73**	

Salary, pension and any bonuses that triggers employer's tax which will be expensed simultaneously with the remuneration. See separate Remuneration Report 2021. Exercise price before the 9:1 share consolidation completed in 2022.

28. Events after the balance sheet date

On 2 February 2022, the Company announced the completion of a private placement of 125,561,401 shares (Tranche 1) and an allocation of 41,105,265 shares (Tranche 2) at a subscription price of NOK 0.60 [NOK 5.40 post 9:1 share consolidation] per share, resulting in gross proceeds of NOK 100 million. The share capital increase associated with Tranche 1 has been duly registered in the Register of Business Enterprises.

On 24 February 2022, the Company requested and obtained shareholder approval at an Extraordinary General Meeting to increase the authorized share capital to include the shares allocated in Tranche 2, a 9:1 share consolidation and the warrants associated with Tranche 1 and Tranche 2. The private placement includes two non-tradeable warrants for every share subscribed for in the private placement at no additional cost and with an exercise price equal to NOK 0.60. 50 percent of the private placement warrants will be exercisable on 30 June 2022 and the remaining 50 percent will be exercisable on 30 November 2022.

On 7 March 2022, the Company announced the registration of the 41,105,265 shares (Tranche 2) announced 2 February 2022 and approved at the Extraordinary General Meeting held 24 February 2022.

On 11 March 2022, the Company announced the registration of the 9:1 share consolidation approved at the Extraordinary General Meeting held 24 February 2022. Following the registration, the Company's share capital is NOK 210,563,602.92 divided into 212,690,508 shares, each share having a par value of NOK 0.99.

29. Subsidiaries

Details of the Group's subsidiaries at the end of the reporting period are as follows.

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the group 31 December 2021
Ensurge Micropower Inc.	Research & Development, Manufacturing and Marketing services	USA	100%
Thin Film Electronics KK	Dormant	Japan	100%
TFE Holding	Owning shares in Ensurge Micropower Inc.	USA	100%

30. Contractual commitment

Ensurge has no significant contractual commitment related to equipment for the new roll-based production line at the San Jose site.

31. Litigation

The Company and its subsidiaries were not involved in any litigation or legal action as of 31 December 2021 and are not involved in any litigation or legal action as of the date of this report.

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Profit and loss statements

Amounts in NOK 1,000	Note	2021	2020
Sales revenue	11	—	4,741
Total revenue		—	**4,741**
Salaries and other benefits	13	(26,010)	(10,346)
Services (external)		(10,476)	(11,084)
Services (from subsidiaries)	16,17	(143,018)	(85,475)
Other operating expenses	17	(41,571)	(9,044)
Contribution from Skattefunn scheme	12	—	2,040
Operating profit (loss)		**(221,075)**	**(109,168)**
Impairment investment in subsidiary	6	(21,307)	—
Interest income		2,274	2,349
Other financial income (costs)		1,393	(1,027)
Net financial items		**(17,740)**	**1,321**
Profit (loss) before income tax		**(238,815)**	**(107,847)**
Income tax expense	14	—	—
Profit (loss) for the year		**(238,815)**	**(107,847)**

The notes on pages 47 to page 57 are an integral part of these annual financial statements.

Balance sheet

Amounts in NOK 1,000	Note	31 December 2021	31 December 2020
ASSETS			
Current assets			
Trade and other receivables	8	664	75
Cash and bank deposits	9	30,391	41,445
Total current assets		**31,055**	**41,520**
Total assets		**31,055**	**41,520**
EQUITY			
Ordinary shares	10,19	192,115	108,410
Other paid-in capital		197,180	(98,304)
Total paid-in equity		**389,295**	**10,107**
Retained profit/uncovered losses		(361,170)	(783)
Total equity	**4**	**28,124**	**9,324**
LIABILITIES			
Current liabilities			
Accounts payable		632	2,439
Withheld tax and public duties payable		118	—
Debt to group companies	6,18	—	29,755
Other payables and accruals		2,181	2
Total liabilities		**2,931**	**32,196**
Total equity and liabilities		**31,055**	**41,520**

The notes on pages 47 to 57 are an integral part of these annual financial statements.

The board of directors of Ensurge Micropower ASA, Oslo, Norway, 26 April 2022

Morten Opstad Chairman	Jon Castor Board Member	Preeti Mardia Board Member	Kelly Doss Board Member	Kevin Barber CEO

Cash flow statements

Amounts in NOK 1,000	Note	2021	2020
Cash flows from operating activities			
Profit (loss) before income tax		(238,815)	(107,847)
Share-based compensation (equity part)	4	41,359	3,777
Change in working capital and other items		(71,213)	(3,659)
Net cash from operating activities		**(268,669)**	**(107,729)**
Cash flows from investing activities			
Net cash from investing activities		—	—
Cash flows from financing activities			
Proceeds from issuance of shares	4,10	257,615	121,457
Net cash from financing activities		**257,615**	**121,457**
Net change in cash and bank deposits		**(11,054)**	**13,728**
Cash and bank deposits at the beginning of the year		41,445	27,717
Cash and bank deposits at the end of the year *	**9**	**30,391**	**41,445**

The company had no bank draft facilities at the end of 2021 or 2020.

The notes on pages page 47 to page 57 are an integral part of these annual financial statements.

*See Note 9 for restricted amount.

Notes to the Annual Financial Statements Ensurge Micropower ASA

1. Information about the company

Ensurge Micropower ASA (“Ensurge” or “the Company”) was founded as Thin Film Electronics AS (“Thinfilm”) on 22 December 2005 and was renamed to Ensurge Micropower. The Company’s name change to Ensurge Micropower ASA was approved by shareholders at the Annual General Meeting on 3 June 2021 and registered with the Norwegian Register of Business Enterprises on 4 June 2021. See Note 29 of the Consolidated Financial Statements for list of subsidiaries.

Ensurge is energizing innovation with ultrathin, flexible, and safe energy storage solutions for wearable devices, connected sensors, and beyond.

The Company is a public limited liability company incorporated and domiciled in Norway. The address of its registered office is Fridjof Nansens Plass 4, Oslo, Norway. The Company’s shares were admitted to listing at the Oslo Axess on 30 January 2008 and to the Oslo Børs on 27 February 2015. On 24 March 2015 Ensurge’s American Depository Receipts (ADRs) commenced trading in the United States on OTCQX International. Ensurge’s ADR was moved to OTCQB with effect on 23 June 2020. The Company’s shares, listed on Oslo Børs in Norway, trade under the symbol ENSU. The Company’s ADRs, listed on OTCQB in the United States, trade under the symbol ENMPY.

These annual financial statements for the parent company were resolved by the Company’s board of directors on 25 April 2022.

Going concern

The board confirms that the financial statements of the group, as well as the parent company, have been prepared under the going concern assumption.

As of the date of this report, the company has sufficient cash to fund operations into the third quarter. If the company Tranche 1 warrants are fully exercised on 30 June 2022, the group and parent company will have sufficient funds to support operations through the third quarter of 2022. If the warrants are not fully exercised,the Company will need to seek alternative sources of financing to continue operations.

On 2 February 2022, the Company announced the completion of a private placement of 125,561,401 shares (Tranche 1) and an allocation of 41,105,265 shares (Tranche 2) at a subscription price of NOK 0.60 [NOK 5.40 after 9:1 share consolidation] per share, resulting in gross proceeds of NOK 100 million. The share capital increase associated with Tranche 1 has been duly registered in the Register of Business Enterprises.

On 24 February 2022, at an Extraordinary General Meeting, shareholders approved an increase to the authorized share capital to include the shares allocated in Tranche 2, the warrants associated with Tranche 1 and Tranche 2, and a 9:1 share consolidation.

The private placement includes two non-tradeable warrants for every share subscribed for in the private placement at no additional cost and with an exercise price equal to NOK 0.60 [NOK 5.40 after 9:1 share consolidation]. 50 percent of the private placement warrants will be exercisable on 30 June 2022 and the remaining 50 percent will be exercisable on 30 November 2022. If the warrants are not sufficiently exercised or there is a need for bridge financing prior to the Tranche 2 exercise date, the Company will seek additional funds from the investor market or from partnership funding. However, if the group is not able to successfully raise funds as planned, significant uncertainty would exist as to whether the Company and group will continue as going concerns. The board of directors monitors the financial position closely and receives frequent reports and forecasts on expenditure and cash flow.

Refer to the Principal Risks section of this Annual Report.

The board of directors monitors the financial position closely and receives frequent reports and forecasts on expenditure and cash flow.

2. Accounting policies

These annual financial statements have been prepared in accordance with the Norwegian accounting act 1998 and generally accepted accounting principles in Norway. The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been applied consistently. The financial statements have been prepared using the historical cost convention.

Principal criteria for valuation and classification of assets and liabilities

Assets for lasting ownership or use have been classified as fixed assets. Other assets have been classified as current assets. Receivables which are due within twelve months have been classified as current assets. Corresponding criteria have been applied when classifying short-term and long-term debt.

Current assets have been valued at the lower of cost and fair value. Other long-term debt and short-term debt have been valued at face value.

Assets and liabilities denominated in foreign currency

Monetary items in foreign currency have been converted at the exchange rate on the balance sheet date.

Shares in subsidiaries

Investment in subsidiaries has been valued at cost in the parent company. In case of impairment which is not temporary, the investment has been written down to fair value if mandated according to GAAP.

Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the group.

Ensurge Micropower ASA recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the specific criteria have been met for each of the group's activities, as described below.

(a) Sales of goods

The Company had zero sales in 2021. In 2020, the Company sold Electronic Article Surveillance (EAS) anti-theft tags from existing inventory. The performance obligation was to deliver distinctive goods, and the performance obligation was satisfied when the control was transferred to the customer being at the point of delivery of the goods. Sales of goods are recognized when the risks and rewards of ownership are transferred to the customer, the costs incurred in respect of the transaction can be measured reliably, and Ensurge retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

(b) Rendering of services

The Company provides engineering and support services to strategic customers and partners. Revenue from services is recognized when, or in the same period as, the group has provided the services.

Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and the conditions will be complied with. Grants which are related to specific development programs with commercial end-objectives are recognised as other operating revenue over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis. Grants or other contributions in the form of tax credit are credited against costs.

Intangible assets

Reference is made to Note 2.6 in the Consolidated Financial Statements.

Receivables

Accounts receivable and other receivables have been recorded at face value after accruals for expected losses have been deducted. Accruals for losses have been made based on an individual assessment of each receivable.

Cash and bank deposits

Cash and bank deposits include cash, bank deposits and cash equivalents with a due date less than three months from acquisition.

Cash flow statement

The cash flow statement is prepared in accordance with the indirect method.

Costs

In principle, cost of sales and other expenses are recognized in the same period as the revenue to which they relate. In instances where there is no clear connection between the expense and revenue, the apportionment is estimated.

Share based remuneration

The Company may issue independent subscription rights to employees and individual consultants performing similar work and accounts for these transactions under the provisions of NRS 15A and generally accepted accounting principles in Norway. Two types of expenses are recognized related to grant of subscription rights: (i) Notional cost of subscription rights is recognized at time of grant and calculated based on the Black-Scholes model (share price at time of grant, exercise price, expected volatility, duration and risk-free interest rate). The 2021 Subscription Rights Plan vests 50 percent on the first anniversary and 50 percent on the second anniversary. The notional cost of subscription rights as share based remuneration is expensed but the equity effect is nil because the contra item is a notional equity injection of equal amount. (ii) Employer's tax expense is accrued based on the net present value of the subscription right as an option on the balance sheet date. The value varies with the share price and may entail a net reversal of costs.

When the parent has an obligation to settle the share based payment transaction with the subsidiaries' employees by providing the parent's own equity instruments, this is accounted for as an increase in equity and a corresponding increase in investment in subsidiaries.

Tax on profit

Tax cost has been matched to the reported result before tax. Tax related to equity transactions has been charged to equity. The tax cost consists of payable tax (tax on the directly taxable income for the year) and change in net deferred tax. The tax cost is split into tax on ordinary result and result from extraordinary items according to the tax base. Net deferred tax benefit is held in the balance sheet only if future benefit can be justified.

Consolidated items

Insignificant items have been combined or included in similar items in order to simplify the statements. Lines which are zero or about zero have been omitted except where it has been deemed necessary to emphasize that the item is zero.

Estimates and judgmental assessments

The preparation of the annual accounts in accordance with the generally accepted accounting principles requires that the management make estimates and assumptions that affect the income statement and the valuation of assets and liabilities. Estimates and related assumptions have been based on the management's best knowledge of past and recent events, experience and other factors which are considered reasonable under the circumstances. Estimates and underlying assumptions are subject to continuous evaluation.

3. Significant events, going concern, events after the balance sheet date, financial risk

Significant events

Reference is made to Note 28 in the Consolidated Financial Statements.

Going concern

Reference is made to Note 2.1 in the Consolidated Financial Statements.

Financial risk factors

Reference is made to Note 4.2 in the Consolidated Financial Statements.

4. Equity

Amounts in NOK 1,000	Share capital	Other paid-in equity	Other reserves	Uncovered loss	Total
Balance at 1 January 2021	**108,410**	**47,710**	**(24,442)**	**(122,354)**	**9,324**
Share based compensation		41,359			41,359
Warrant exercises and Private Placement and subsequent offerings, total (approved 20 May and 19 August 2020)	76,123	18,814	64,802		159,739
Private Placement (March 2021)	7,582	48,935			56,517
Net profit (loss) for the year				(238,815)	(238,815)
Balance at 31 December 2021	**192,115**	**156,818**	**40,360**	**(361,170)**	**28,124**
Balance at 1 January 2020	**128,906**	**0**	**0**	**(136,968)**	**(8,062)**
Reduction of share capital by reduction of PAR	(122,461)			122,461	—
Share based compensation		3,777			3,777
Private placement, warrant exercises and subsequent offerings, total (approved 20 May and 19 August 2020)	101,965	43,933	(24,442)		121,456
Net profit (loss) for the year				(107,847)	(107,847)
Balance at 31 December 2020	**108,410**	**47,710**	**(24,442)**	**(122,354)**	**9,324**

5. Property, plant and equipment

Current facilities are rented with furniture included. Minor computing and communications equipment have been expensed.

6. Investment in subsidiaries

In 2019 the remainder of the shares in subsidiaries were written down to zero, except for Thin Film Electronics AB (Sweden). The Company initiated the process of dissolving many of the subsidiaries in 2020 and completed the process in 2021.

The investments are held at the lower of cost and fair value in the balance sheet in 2021.

Amounts in NOK 1,000	Per cent holding	Per cent of votes	Book value
Ensurge Micropower Inc. - CA, USA			
At 31 December 2021	100%	100%	
Accumulated cost			309,273
Accumulated impairment charge			(309,273)
Net book value at 31 December 2021			**–**
Ensurge Micropower Inc. - CA, USA			
At 31 December 2020	100%	100%	
Accumulated cost			287,579
Accumulated impairment charge			(287,579)
Net book value at 31 December 2020			**–**

The local currency of Ensurge Micropower Inc. is USD. The net income in USD in 2021 was a loss of USD 33,312 thousand compared to a loss of USD 3,284 thousand in 2020. The total equity 31 December 2021 was USD (21,159) thousand (2020: USD (21,860) thousand). The shares were fully impaired as of 31 December 2019. The provision was mainly triggered by the impairment of PPE in INC as a result of the corporate restructuring (please refer to Note 6 in the Consolidated Financial Statements).

Thin Film Electronics KK (Tokyo, Japan), is a 100% owned subsidiary, which was fully written down in 2016, as all activity in the Japanese legal entity had ceased.

Thin Film Electronics HK Ltd. (Hong Kong), is a 100% owned subsidiary, which was fully written down in 2018. The net loss in HKD in 2020 was HKD 73 thousand, while the total equity at 31 December 2020 was HKD 6 thousand. The Company has submitted all necessary paperwork to dissolve the legal entity in 2020 and received final confirmation from the government in 2021.

TFE Holding (NV, USA), is a 100% owned subsidiary, of which the only activity is holding shares in Ensurge Micropower Inc. Net book value is zero in both 2021 and 2020.

Thin Film Electronics AB (Linköping, Sweden), is a 100% owned subsidiary. The net loss in SEK in 2020 was SEK 184, while the total equity at 31 December 2020 was SEK (941) thousand. The balance at 31 December 2019 of NOK 37,376 thousand was forgiven in 2020. The company completed necessary steps to dissolve the legal entity in 2021.

Thin Film Electronics UK Ltd. was established in March 2017. The net loss in GBP in 2020 was GBP 10 thousand. Total equity 31 December 2020 was GBP 171. The investment was fully impaired in 2019 when the Company ceased the operation in the UK. The Company completed necessary steps to dissolve the legal entity in 2021. Thin Film Electronics UK Ltd. has taken advantage of section 479a of the UK Companies Act 2006 to be exempt from audit of its financial statements for the years 2021 and 2020.

Thin Film Electronics Singapore Pte Ltd. was established in November 2017. The net income in SGD in 2020 was a loss of SGD 1,521 thousand while the total equity at 31 December 2020 was SGD 3,789. The investment was fully impaired in 2019 when the Company ceased the operation in Singapore. The Company completed the necessary steps to dissolve the legal entity in 2021.

Guarantees provided to subsidaries

As a part of the relocation of Ensurge's US headquarters in 2017 a USD 1,600 thousand Letter of Credit was issued by Ensurge Micropower ASA to the landlord. Ensurge Micropower ASA has in addition entered into a Tenancy Guaranty with the landlord. The guaranty is given to secure payment of the lease rent.

The initial Guaranty liability amounted to USD 5,000 thousand and reduces on an annual basis of USD 500 thousand per year commencing with the second lease year until the liability reaches zero dollars. As of 31 December 2021, the Guaranty liability amounted to USD 3,000 thousand.

7. Intangible assets

Amounts in NOK 1,000	Purchased intellectual property	Negative goodwill	Capitalized development costs	Total
Amortization period, years (linear)	13–16	5		
Accumulated costs 31 December 2021	15,872	(2,925)	12,744	25,691
Amortization at 31 December 2021	(15,872)	2,925	(12,744)	(25,691)
Net book value 31 December 2021	**—**	**—**	**—**	**—**
Accumulated costs 31 December 2020	15,872	(2,925)	12,744	25,691
Amortization at 31 December 2020	(15,872)	2,925	(12,744)	(25,691)
Net book value 31 December 2020	**—**	**—**	**—**	**—**

The purchased intellectual property relates to licensing of certain patents. The portfolio is reviewed for impairment annually by comparing the book value to the fair market value at the patent level. In 2019 the remaining unamortized balance of NOK 8,391 was impaired in full as the Company revised its strategy whereby the future value of these patents are uncertain.

In 2019 it was decided that the capitalized development costs relating to NFC SpeedTap™ would not be further commercialized and the remaining costs of NOK 12,744 were impaired.

The assets are assessed annually. Due to uncertainty of future use and commercialization, no reversal was identified for 2021.

8. Trade and other receivables

Amounts in NOK 1,000	31 December 2021	31 December 2020
Customer receivables	1,233	1,192
Intercompany receivable from Ensurge Micropower Inc.	39,214	—
Other receivables, prepayments	664	75
Less: provision for impairment of receivables	(40,447)	(1,192)
Receivables — net	**664**	**75**

All customer receivables are due within one year and book value approximates fair value. The intercompany receivable from Ensurge Micropower Inc. bears interest at the US government 10 year bond rate plus one percent (2.52 percent for 2021). The total amount denominated in NOK is 664 thousand (2020: NOK 75 thousand).

Of other receivables NOK 664 thousand were not past due as of 31 December 2021.

The company assesses impairment risk on an individual basis.

9. Cash and bank deposits

Amounts in NOK 1,000	31 December 2021	31 December 2020
Bank deposits excluding restricted cash	16,232	25,762
Deposit for Letter of Credit (restricted)	14,111	13,652
Deposit for withheld tax (restricted)	46	82
Deposit for warrant exercises, shares not yet registered (restricted)	2	1,950
Total	**30,391**	**41,445**

As a part of the relocation of Ensurge Micropower Inc.'s US headquarters in 2017, a USD 1,600 thousand Letter of Credit was issued to the landlord.

Payable withheld tax amounts at 31 December 2021 was NOK 46 thousand.

10. Share capital

Reference is made to Note 12 in the Consolidated Financial Statements.

11. Sales revenue

Amounts in NOK 1,000	2021	2020
Sales of goods	–	4,741
Total	**–**	**4,741**

No warranty costs, penalties or other losses were related to sales revenue in 2021 or 2020.

12. Government grants

In 2018 Ensurge ASA had a project qualified for the SkatteFUNN scheme for the three-year horizon 2018-2020, which relates to the innovative manufacturing of smart NFC labels enabling the Internet of Everything (IoE). The final contribution from the SkatteFUNN project, received in 2020, was NOK 2 million. The SkatteFUNN grant has been credited against cost on a systematic basis.

To receive grants from SkatteFUNN, the Company had to engage in research and development activities that qualify for the SkatteFUNN programme. The costs incurred had to be reported annually to the Norwegian tax authorities. The Company reported progress and achievements to the Research Council of Norway.

13. Salaries and other benefits

Amounts in NOK 1,000	2021	2020
Salaries	4,139	5,867
Social security costs	273	266
Share-based compensation (subscription rights), notional salary cost	21,183	3,777
Share-based compensation (subscription rights), accrued employer´s tax	315	317
Pension contribution	100	107
Other personnel related expenses, including recruiting costs	–	12
Total	**26,010**	**10,346**
Average number of employees for the year	1	1
Number of employees 31 December	1	1

At the end of 2021 there was one fulltime employee in the company (2020: 1 fulltime employees).

The company has only defined contribution pension plans. Contributions are expensed and paid when earned.

Compensation to senior management

Amounts in NOK 1,000	Salary	Pension contribution	Bonus	Share-based remuneration
2021				
Kevin Barber, CEO	3,304	100	1,370	15,570
2020				
Kevin Barber, CEO	3,606	107	2,261	2,967

The salary amount is the salary declared for tax purposes. Bonus is the amount earned and accrued at year end.

Bonuses earned in 2019 were subsequently paid 2020. Bonuses earned in 2020 have been paid in 2021. An additional bonus, related to 2019 but not recognized until 2020, for NOK 600 thousand, was paid to the CEO.

The value of share-based remuneration is the expensed amount excluding employer’s tax in the period for incentive subscription rights.

No subscription rights were exercised in 2021 or 2020.

The Company has not made any advance payments or issued loans to, or guarantees in favour of, any members of management.

Remuneration to the board of directors

Reference is made to Note 19 in the Consolidated Financial Statements.

14. Income tax expense

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

Amounts in NOK 1,000	2021	2020
Profit (loss) before tax	(238,815)	(107,847)
Tax (tax income) calculated at corporate tax rate	(43,912)	(23,726)
Permanent differences	9,417	487
Effect of change in tax rates (23% to 22%) / (23% to 22%)	34,495	23,239
Tax charge	**0**	**0**
Corporate tax rate	22%	22%

15. Deferred income tax

Deferred income tax assets and liabilities are offset when the Company has a right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The offset amounts are as follows:

Amounts in NOK 1,000	31 December 2021	31 December 2020
Deferred income tax asset Intangible asset	(7,705)	(7,959)
Tax loss carried forward	(580,179)	(553,391)
Calculated deferred tax asset	(587,884)	(561,350)
Impairment of deferred tax asset	587,884	561,350
Deferred tax asset in the balance sheet	**–**	**–**

The Company has not recognised the tax asset as there is uncertainty relating to future taxable income for utilization of the tax loss carried forward, and the taxable loss on intangible assets. There is no expiration date on the tax loss carried forward. No tax item has been recorded directly to equity.

The unrecognized deferred tax asset is calculated by applying the local tax rates in Norway with tax rate 22% (2020: 22%).

16. Related party transactions

a) Transactions with related parties:

Amounts in NOK 1,000	2021	2020
Sales, marketing, R&D and manufacturing services from Ensurge Micropower Inc.	143,118	85,475
Intercompany interest income on loan to Ensurge Micropower Inc.	(2,034)	(1,568)
Purchases of services from law firm Ræder	3,883	2,551
Purchase of services from Acapulco Advisors AS	1,345	250
Purchase of services from Alden AS	300	–

Ensurge's chairman, Morten Opstad, is a partner of Advokatfirmaet Ræder AS, who is also Ensurge's legal counsel. The amounts do not include Mr. Opstad's service as chairman. Mr. Opstad and close associates hold shares in Ensurge.

In 2021, Ensurge recorded NOK 1,345 thousand for advisory services from Acapulco Advisors AS, an Ensurge shareholder.

In connection with the private placement of shares announced on 1 March 2021, Ensurge recorded NOK 300 thousand for a share lending agreement with Alden AS, an Ensurge shareholder.

Robert N. Keith, a shareholder of Ensurge, entered into a consulting service agreement with effect from 1 January 2013. Mr. Keith assists Ensurge in strategic analysis and in dealing with larger, international, prospective partners. Mr. Keith waived his compensation for services provided in 2021 and 2020.

Transaction prices are based on what would be the prices for sale to third parties and are net of VAT.

b) Year-end balances arising from sales/purchases of goods/services with related parties

Amounts in NOK 1,000	2021	2020
Payable from Ensurge Micropower Inc.	39,214	30,002
Payable to Thinfilm UK	–	247
Payable to law firm Ræder	130	1,478

17. Other operating expenses

Amounts in NOK 1,000	2021	2020
Premises, supplies	590	7,143
Sales and marketing	110	212
Bad debt	39,214	–
Other expenses	1,657	1,689
Sum	**41,571**	**9,044**

Ensurge pays rent for premises in Oslo (Norway) on a month to month basis. The monthly rent is NOK 11 thousand per month.

Ensurge Micropower ASA has not entered into any other lease agreements.

Bad debt expense relates to receivable from subsidiary. See Note 8.

Remuneration to the auditor (ex VAT)

Amounts in NOK 1,000	2021	2020
Audit	1,773	1,472
Other assurance services	225	195
Tax services	20	40
Total	**2,018**	**1,707**

18. Contingent liabilities

Reference is made to Note 25 in the Consolidated Financial Statements.

19. Shareholders, warrants and subscription rights

Reference is made to Note 26 in the Consolidated Financial Statements.

20. Statement on management remuneration policy

Reference is made to Note 27 in the Consolidated Financial Statements.

Corporate Social Responsibility (CSR) Statement

The Ensurge Micropower ASA Group recognizes that it has important obligations regarding 1) the conditions within its facilities and organization, relating to, inter alia, social and employee matters, equal opportunities and anti-discrimination, 2) its impact on the environment and the relationships it maintains with the communities in which it operates, and 3) respect for human rights, anti-corruption and anti-bribery matters As such, it adheres to policies related to these obligations and strives to achieve goals that engender safety, health, fairness, diversity, integrity, compliance, and sustainability.

The Company's business model

The objective of the Company shall be Energizing Innovation™ with ultrathin, flexible, and safe energy storage solutions for wearable devices, connected sensors, and beyond. The Company believes that Ensurge's innovative solid-state lithium battery (SSLB) technology could be uniquely positioned to enable the production of powerful, lightweight, and cost-effective rechargeable batteries for diverse applications.

Social and employee matters, equal opportunities, and anti-discrimination

Policies and objectives

Ensurge promotes equality and non-discrimination, fairness, and ethical behavior. The Company aims to offer a pleasant, well-equipped, and risk-free work environment. It maintains fair and balanced employment practices and complies with all applicable labor laws applicable to the countries, regions, cities, and towns in which it operates. Ensurge encourages and expects similar commitments from its customers, partners, suppliers, and other vendors with whom the Company works.

Ensurge's objectives are to maintain a secure, safe, and healthy work environment for all employees of the Company and to continue to be a globally diverse company that strongly distances itself from any form of discrimination. Ensurge makes every reasonable effort to secure a healthy, safe, and lawful work environment, and the Company complies with all applicable laws, rules, and regulations concerning occupational health, safety, and environmental protection. The Company's policies prohibit discrimination against employees, shareholders, directors, customers, partners, suppliers, and other vendors on account of gender, race, sexual orientation, religion, disability, nationality, political opinion, and social or ethnic origin. Employees are provided with an Employee Handbook outlining corporate policy. Workplace diversity at all levels is highly encouraged and monitored. All persons shall be treated with dignity and respect and are encouraged to assist in creating a work environment free from any form of discrimination. The necessary conditions for a safe and healthy work environment shall be provided for all employees of the Company.

At Ensurge Micropower, Inc. (US subsidiary), all employees are required to complete a safety training course within their first month of employment. In compliance with the Safe Drinking Water and Toxic Enforcement Act of 1986 of the State of California, commonly referred to as Proposition 65, Ensurge Micropower, Inc. also informs employees of the onsite presence of any known chemical known to cause cancer or reproductive toxicity.

Ensurge is committed to fully complying with all applicable laws regarding equal employment opportunities. Employees who believe they have been subjected to any form of unlawful discrimination may submit a complaint to their manager, any member of the management team, and/or Human Resources. The Company encourages all employees to immediately report incidents of harassment or other conduct prohibited by its anti-harassment policy so that complaints can be resolved in a fair and timely manner.

Environmental Impact

Policies and objectives

Ensurge requires that all subsidiaries of the Ensurge Group follow all current environmental laws and regulations for the jurisdictions in which they reside and operate. Ensurge routinely evaluates the environmental impact of its production — and manufacturing — related activities, with particular emphasis on the potential risks regarding present and future operations. Ensurge operates its production facility and laboratories in San Jose, California.

Ensurge strives to monitor waste production, such as chemicals and electronics materials, to evaluate where and how the Company can improve - such as using fewer chemicals, leveraging alternative materials, and/or maximize the usage of current materials. Ensurge recognizes the impact that hazardous waste can have on the environment and takes every reasonable precaution to discard and recycle waste according to federal, state, and regional laws and regulations.

In the San Jose, California facility, Ensurge partners with a licensed Environmental Services provider and strict guidelines are followed for the storage and disposal of hazardous material. The State of California tracks any Ensurge hazardous material shipments to the final disposal/incineration site to ensure overall compliance.

Human rights, anti-corruption and anti-bribery

Policies and objectives

It is important that Ensurge staff members do not place themselves in situations whereby their fidelity can be undermined or in which they may be vulnerable to external pressures contrary to Ensurge's or their own integrity. It is communicated and expected that all employees do not accept, either for themselves or on behalf of others, gifts, fees, services or other benefits which could influence the way they discharge their duties or are intended to exert such influence by the giver.

Ensurge's objectives are to systematize and further improve internal training and education as it relates to ethics and anti-corruption compliance. Ensurge's Ethical Guidelines are based on respect and fairness in all aspects of the Company's business dealings. We demand and expect that our employees — at every level of the organization — adhere to applicable laws and regulations in the countries where we do business. Ensurge has a clear stance on corruption. Employees must always comply with applicable anti-bribery laws; and each manager and employee is responsible for compliance within his or her area of authority, and must report any suspected violation to HR, corporate management, and in certain cases, the local authorities.

Responsibility Statement

The board and the CEO have today reviewed and approved this report of the board of directors as well as the annual financial statements for the Ensurge Micropower ASA Group and parent company as of 31 December 2021. The consolidated annual financial statements have been prepared in accordance with IFRS as adopted by the EU and the additional requirements in the Norwegian accounting act. The annual financial statements for the parent company have been prepared in accordance with the Norwegian accounting act and generally accepted accounting principles in Norway. The notes are an integral part of the respective financial statements. The report of the board of directors has been prepared in accordance with the Norwegian accounting act and generally accepted accounting principles in Norway.

We confirm that, to the best of our knowledge, the information presented in the financial statements gives a true and fair view of the group's and the parent company's assets, liabilities, financial position and result for the period viewed in their entirety, and that the report from the board of directors and Managing Director (CEO) gives a true and fair view of the development, performance, and financial position of the group and the parent company, and includes a description of the principal risks and uncertainties which the group and the parent company are facing.

The board of directors of Ensurge Micropower ASA, Oslo, Norway, 26 April 2022

Morten Opstad
Chairman

Preeti Mardia
Board Member

Jon Castor
Board Member

Kelly Doss
Board Member

Kevin Barber
Managing Director (CEO)

Auditor's Report

Deloitte.

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To the General Meeting of Ensurge Micropower ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ensurge Micropower ASA, which comprise:

- The financial statements of the parent company Ensurge Micropower ASA (the Company), which comprise the balance sheet as at 31 December 2021, the profit and loss statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Ensurge Micropower ASA and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flow 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 statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

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 as required by laws and regulations 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.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

The Company shares were admitted to listing in January 2008. We have been the auditor since before the Company were listed. We have been the auditor of the Company for fourteen years from the listing, including the listing year.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements of the Group and Note 1 in the financial statements of the parent and in the Board of Directors' report. The Group and the parent are operating at a loss and management estimate the Group and the parent have funds to support operations into third quarter of 2022. There is no assurance that management will be successful in raising funds. Failure to obtain funding would adversely affect the ability to continue as a going concern and consequently the Group and the parent might enter into liquidation. As stated in Note 2 in the financial statements of the Group and note 1 in the financial statements of the parent and in the Board of Directors' report, the liquidity situation, along with other matters as set forth in the notes and the Board of Directors' report, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no key audit matters to communicate in our report.

Other Information
The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, 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. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate 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 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. We 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 or 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 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 a true and fair view.
- 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.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on compliance with Regulation on European Single Electronic Format (ESEF)

Opinion

We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name ensurge-2021-12-31-en.zip have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities

Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

Auditor's Responsibilities

Our responsibility is to express an opinion on whether the financial statements have been prepared in accordance with ESEF. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance that the financial statements have been prepared in accordance with the European Single Electronic Format.

As part of our work, we performed procedures to obtain an understanding of the company's processes for preparing its financial statements in the European Single Electronic Format. We evaluated the completeness and accuracy of the iXBRL tagging and assessed management's use of judgement. Our work comprised reconciliation of the financial statements tagged under the European Single Electronic Format with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 26 April 2022
Deloitte AS

Lars Atle Lauvsnes
State Authorised Public Accountant

The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

Lars Atle Lauvsnes
State Authorised Public Accountant (Norway)
Serial number: 9578-5997-4-351154
IP: 77.16.xxx.xxx
2022-04-26 15:20:20 UTC

Penneo document key: YLH56-T3KIX-XNOC6-6DOW1-UJMS6-M2S22

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Corporate Governance

Resolved by the board of directors of Ensurge Micropower ASA (the "Company" or "Ensurge") on 25 April 2022. The statement outlines the position of the Company in relation to the recommendations contained in the Norwegian Code of Practice for Corporate Governance dated 14 October 2021 ("the Code"). The Code is available at www.nues.no and from Oslo Børs. In the following, the board of directors will address each section of the Code and explain the areas, if any, where the Company does not fully comply with the recommendations and underlying reasons.

1. Implementation and reporting on Corporate Governance

The Company seeks to create sustained shareholder value for the shareholders in a sustainable manner, while taking into account financial, social and environmental considerations. The Company makes every reasonable effort to comply with the word and intent of the laws, rules and regulations in the countries and markets in which it operates. Ensurge is not aware of being in breach of any such statutory laws, rules or regulations. The Company pays due respect to the norms of the various stakeholders in the business. In addition to the shareholders, the Company considers its employees, Ensurge's business partners, the society in general and the authorities as stakeholders. Ensurge is committed to maintain a high standard of corporate governance, be a good corporate citizen and demonstrate integrity and high ethical standards in all its business dealings.

The Ensurge Group presently has 35 ordinary full-time employees, 2 part-time employees, and a few consultants on site. The board of directors believes that, in the present organization, the board and management have monitoring and control systems in place that generally ensure insight into and control over the activities, although consistent with the philosophy of continuous improvement, the board and management are making and intend to make improvements to the legal and financial functions that are essential to the performance of these monitoring and control systems. (Note: In this review, the noun "the management" includes all persons conducting managerial functions, whether employed or otherwise contracted).

In a separate document the board has resolved ethical guidelines that apply to all employees, consultants and contractors as well as the elected board members. The ethical guidelines also incorporate the Company's guidelines on corporate social responsibility.

2. Ensurge's business

The objectives of the Company shall be Energizing Innovation™ with ultrathin, flexible, and safe energy storage solutions for wearable devices, connected sensors, and beyond.

The description of the Company's business, as contained in the Articles of Association, was, at the 2021 Annual General Meeting, updated and given a more precise description to cover such objectives.

The Company believes that Ensurge's innovative solid-state lithium battery (SSLB) technology could be uniquely positioned to enable the production of powerful, lightweight, and cost-effective rechargeable batteries for diverse applications. The Company is currently focused on realizing these objectives, which may be carried out in full internally, or in whole or in part externally through collaborative efforts with one or more of the Company's ecosystem and commercial partners.

The Company's business goals and principal strategies are defined in the business plans that are developed and proposed by management and reviewed, modified as appropriate, and adopted by the board of directors. The plans are reviewed and revised periodically, and when needed.

3. Equity and dividends

The board is aware of and acknowledges the equity requirements and duty of action in connection with loss of equity, as set out in the Norwegian Public Limited Companies Act (the "PLCA"). In the past, the Company has needed to raise equity on several occasions to fund its operations and working capital requirements. The board has proposed to the general meeting only reasonable authorizations for share issues, generally limited to 10% of the Company's share capital. Such board authorizations have explicitly stated the type and purposes of transactions in which the authorizations may be applied. As of the general meeting(s) to be held in 2022, any proposed authorizations to issue shares shall be considered and voted separately by each type and purpose of such share issues.

The board authorizations to issue shares have been valid until the next annual general meeting, as recommended by the Code. The proposals have been approved by the shareholders.

The Company has in place an authorization to the board to acquire up to 10 percent of the Company's own shares for a maximum price of NOK 1,000 per share. The board was authorized to decide upon the manner and terms of the acquisition, disposition, transfer and sale of its own shares. The length of the authorization is limited to the earlier of (i) the next annual general meeting of shareholders (scheduled for 25 May 2022) or (ii) 30 June 2022.

Ensurge has not yet declared or paid any dividends on its shares. The Company does not anticipate paying any cash dividends on its shares in the next few years.

Ensurge intends to retain future earnings, if any, to finance operations and the expansion of its business. Any future determination to pay dividends will depend on the Company's financial condition, results of operation and capital requirements.

4. Equal treatment of shareholders and transactions with close associates

The Company places great emphasis on ensuring equal treatment of its shareholders. The Company has one class of shares. There are no trading restrictions or limitations relating only to non-residents of Norway under the Articles of Association of the Company. Each share carries one vote. There are no restrictions on voting rights of the shares.

In the authorizations to issue shares to raise additional capital for the Company, where the existing shareholders have resolved to waive the pre-emptive right to subscribe for shares, the rationale for doing so has and shall be presented as part of the decision material presented to the general meeting. If and when such transactions are conducted, hereunder when resolved by the board pursuant to authorizations from the general meeting, the justification will also be included in the announcements to the market.

All related party transactions in effect are entered into on an arm's length basis. Any future related party transactions shall be subject to an independent third-party valuation whenever required unless the transaction by law requires shareholder approval. The Company takes legal and financial advice on these matters when relevant. Members of the board and the management are obliged to notify the board if they have any material direct or indirect interest in any transaction entered into by the Company.

5. Shares and negotiability

All shares are freely assignable. The Articles of Association do not contain any restrictions on negotiability of the shares.

6. General meetings

The annual general meeting of shareholders, the Company's highest decision-making body, provides a forum for shareholders to raise issues with the board as such and with the individual board members. To the maximum degree possible, all members of the board shall attend electronically or in-person at the general meeting. The Company's auditors shall also attend the annual general meeting. The board proposes a person to chair the meeting, who is then approved by a simple majority of the votes cast at the general meeting. Notice of a meeting of the shareholders shall be sent in a timely manner and the Company shall issue the notice and documents for a general meeting, including the proxy form, no later than 21 days before the date of the general meeting. Foreign residents will receive the notice and documents in English. When appropriate, the documents will be made available at the Company's website and not sent to the shareholders.

The board of directors endeavors to provide comprehensive information in relation to each agenda item in order to facilitate productive discussion and informed resolutions at the meeting. The notice will also provide information on the procedures shareholders must observe in order to participate in and vote at the general meeting.

The board of directors may choose whether to hold a general meeting as a physical meeting or as an electronic meeting, pursuant to the PLCA. Shareholders who are unable to attend the meeting will be provided the option to vote by proxy in favor or against each of the board's proposals. If a general meeting is held as a physical meeting, shareholders have a right to attend by electronic means, unless the board finds that there is sufficient cause for it to refuse to allow this. The notice shall contain a proxy form as well as information of the procedure for proxy representation. At the meeting, votes shall be cast separately on each subject and for each office/candidate in the elections. Consequently, the proxy form shall, to the extent possible, facilitate separate voting instructions on each subject and on each office/candidate in elections. The notice, as well as the Company's website, will set out the rights that shareholders have to propose resolutions in respect of matters to be dealt with at the general meeting.

The general meeting has included in Section 7 of the Company's Articles of Association that documents which have been made available in a timely manner on the website of the Company and which deal with matters that are to be handled at the general meeting, need not be sent to the Company's shareholders.

All reports will be issued on the Oslo Børs marketplace (www.oslobors.no and www.newsweb.no) within the Oslo Stock Exchange, and on the OTCQB Venture Market (https://www.otcmarkets.com/stock/TFECY/overview). The reports and other pertinent information are also available at www.ensurge.com.

7. Nomination committee

Under the Articles of Association, Ensurge has a nomination committee that is elected by the annual general meeting for a term of two years. The nomination committee shall have three members, including a Chair.

Subject to resolution by the 2022 annual general meeting, the Company's guidelines for the nomination committee shall state that no executive personnel or board members in the Company should be a member of the nomination committee.

The nomination committee shall prepare and present proposals to the annual general meeting in respect of the following matters:

- Propose candidates for election to the board of directors,
- Propose the remuneration to be paid to the board members,
- Propose candidates for election to the nomination committee, and
- Propose the remuneration to be paid to the nomination committee members, all of which shall be resolved by the annual general meeting.

The Company provides information on its website about the composition of the nomination committee and any deadlines for submitting proposals to the committee.

8. Board of directors; composition and independence

The board acknowledges the Code's recommendation that the majority of the members of the board of directors shall be independent of the Company's management and material business contacts and that at least two of the members of the board should be independent of the Company's main shareholder(s). All board members are required to make decisions objectively in the best interest of the Company, and the presence of independent directors is intended to ensure that additional independent advice and judgement is brought to bear. The current board meets the independence criteria of the Code. The board meets the statutory gender requirements for the board.

Board members stand for election every two years. The board believes that it is beneficial for the Company and its shareholders that the board members also are shareholders in the Company and encourages each member of the board of directors to hold shares in the Company.

The board pays attention to ensure that ownership shall not in any way affect or interfere with proper performance of the fiduciary duties, which the board and the management owe the Company and all shareholders.

As and when appropriate, the board takes independent advice with respect to its procedures, corporate governance and other compliance matters.

9. The work of the board of directors

The division of duties and responsibility between the CEO/Managing Director and the board of directors is based on applicable laws and well-established practices, which have been formalized in writing through a board instruction in accordance with the Norwegian Public Limited Companies Act. The board instruction also sets out the number of scheduled board meetings per year and the various routines in connection with the board's work and meetings.

The board instructions state that in situations when the Chair is not impartial or not operative, the most senior board member shall chair the board until a deputy Chair has been elected by and among the board members present.

The board of directors shall evaluate its performance and expertise annually. Moreover, the board will produce an annual plan for its work, with particular emphasis on objectives, strategy and implementation.

Any and all related party transactions shall be subject to an independent third-party valuation whenever required unless the transaction by law requires shareholder approval. The Company takes legal and financial advice on these matters when relevant, to ensure that the Company is made aware of any possible conflicts of interest and to ensure that any such transactions are handled in a sufficiently thorough manner. The company has a related parties policy in place.

With a compact board of only four members, there has not been any need for subcommittees to date. The future need for any sub-committees will be considered at a minimum annually in connection with the annual review of the Company's corporate governance.

Ensurge is not obliged to have a separate audit committee and in view of the small number of board members, the Company's Audit Committee consists of all board members who are not also executives or have similar roles in the Company. The board instruction includes an instruction for the audit committee.

10. Risk management and internal control

The board of directors has adopted internal rules and guidelines regarding, amongst other things, risk management and internal control, which rules and guidelines take into account the extent and nature of the Company's activities as well as the Company's corporate values and ethical guidelines, including the corporate social responsibility. The board of directors shall carry out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements.

In view of the size of the Company and the number of board members, the board has chosen to elect the full board (except any board members who hold executive positions) to constitute the audit committee. The audit committee policies and activities are compliant with the Norwegian Public Limited Companies Act.

The board of directors has adopted an insider manual with ancillary documents intended to ensure that, among other things, trading in the Company's shares by board members, executives and/or employees, including close relations to the aforementioned, are conducted in accordance with applicable laws and regulations.

Internal control and risk management of financial reporting:

Ensurge publishes four interim financial statements in addition to the ordinary annual financial statements. The financial statements shall satisfy legal and regulatory requirements and be prepared in accordance with the adopted accounting policies and be published according to the schedule adopted by the board. Closing of accounts, financial reporting and key risks analysis are provided monthly to the board of directors.

Ensurge has established a series of risk assessment and control measures in connection with the preparation of financial statements. In connection with subsidiaries' closing of accounts, internal review meetings are held by management. In addition, management identifies and proposes risk factors and measures linked to important accounting items or other factors which are reviewed, discussed, and sometimes modified in conjunction with the board. The board also has at least one separate meeting with the external auditor to review such risk factors and measures and conducts preparatory reviews of interim financial statements and annual financial statements.

A financial manual provides detailed instruction for financial planning, treasury, accounting and reporting, and has been reviewed and updated regularly by the board.

11. Remuneration of the board of directors

A reasonable cash remuneration to the board members for their services from the annual general meeting in 2020 until the annual general meeting in 2021 was proposed to and resolved at the 2021 annual general meeting. The nomination committee will propose board remuneration for the period between the annual general meetings of 2021 and 2022.

At the 2019 Annual General Meeting, two US residents were elected as new Board members. These Board members were re-elected at the 2021 Annual General Meeting. In order for the Company to be able to attract the interest of these two individuals, and as share-based incentives represent a relatively customary and expected board remuneration and incentive in the US market, a grant of subscription rights was proposed to, and resolved by, the Extraordinary General Meeting held on 19 August 2020 ("August 2020 EGM"). In line with this, and to ensure similar type of remuneration for all board members, the August 2020 EGM also resolved an issuance of subscription rights to the non-US board members.

The subscription rights to be issued to the board members, as approved by the August 2020 EGM, were intended to be issued with an exercise price equal to the subscription price in the private placement approved at such general meeting, being NOK 0.15 [NOK 1.35 after 9:1 share consolidation] per share. However, due to US tax laws, US Board members (and US employees) could not receive subscription rights with an exercise price below fair market value as of the date of grant, as that term is defined under US tax laws. The August 2020 EGM therefore also allowed for grants of subscription rights with an exercise price at fair market value, as that term is defined under US tax laws. The 2021 Annual General Meeting approved an authorization to the board to issue shares in connection with restricted stock units (RSUs) to compensate US Board members (and employees) for the valuation gap between the intended grants of subscription rights as authorized on the August 2020 EGM, with an exercise price of NOK 0.15 [NOK 1.35 after 9:1 share consolidation] per share, and the actual grants with an exercise price equal to the fair market value per share as of the date of grant.

The 2021 Annual General Meeting further approved and ratified the granting of Anti-dilutive subscription rights in the Company, wherein a number of subscription rights were granted to the Board members in order to compensate for the dilutive effect of outstanding warrants in the Company.

The Board acknowledges that grants of subscription rights to members of the Board of Directors are in contradiction to the Corporate Governance recommendations, but remains of the view that it has been in the Company and shareholders' mutual best interest to make these grants in order to secure and retain the services of US-based board members.

The Company has in place an agreement with Morten Opstad, the Chair of the Board, for remuneration for executive services beyond his board functions and role as Chair of the Board. Moreover, Advokatfirmaet Ræder AS, in which the Chair, Morten Opstad, is a partner, renders legal services to the Company.

A board member performing work for the Company beyond the board duty shall ensure that such arrangements do not in any way affect or interfere with proper performance of the fiduciary duties as a board member. Moreover, the board (without the participation of the interested member) shall approve the terms and conditions of any such arrangements. Adequate details shall be disclosed in Ensurge's annual financial statements.

12. Remuneration of executive personnel

Salary and other remuneration to the executive personnel in the Company is determined pursuant to the Company's executive remuneration policy, as approved by the 2021 Annual General Meeting. The executive remuneration policy is publicly available on the Company's web site.

The executive remuneration policy seeks to align the interests of the Company's executives and its shareholders, and to continuously improve sustainable performance. Furthermore, the policy is designed to align the interests of the Company and its executives to ensure its contribution to the Company's commercial strategy, long-term interests and financial viability.

On an annual basis the Company's compensation committee shall review the terms of the executive remuneration policy, to determine if any revisions are necessary. Where revisions are required, the compensation committee shall make proposals to the Board which, if significant and subject to Board approval, are proposed by the Board to the Annual general meeting for approval. In the absence of any significant revisions, the executive remuneration policy shall be presented and explained by the Board to the annual general meeting every four years at minimum. At each annual general meeting, the Board shall present a remuneration report for the previous financial year.

In the event of significant changes to the executive remuneration policy, these must be described and explained in the policy document. The policy shall describe and explain how the shareholders' views on the guidelines, the general meeting's vote and the salary reports since the previous vote on the policy have been taken into account.

13. Information and communications

The board of directors places great emphasis on the relationship and communication with the shareholders. The primary channels for communication are the interim reports, the annual report and the associated financial statements. Ensurge also issues other notices to the shareholders when necessary or appropriate. The general meeting of shareholders provides a forum for the shareholders to raise issues with the board as such and the individual board members. All reports are issued and distributed according to the rules and practices at the market place(s) where Ensurge shares are listed. The Company shall in due course publish an annual financial calendar for the following year; setting forth the dates for major events such as its annual general meeting, publication of interim reports, any scheduled public presentation, any dividend payment date (if applicable), etc. The reports and other pertinent information are also available on the Company's website, www.ensurge.com.

The board of directors has adopted the following policies:

- Policy for reporting of financial and other information and investor relations;
- Policy for contact with shareholders outside general meeting; and
- Policy for information management in unusual situations attracting or likely to attract media or other external interest.

The financial reporting of Ensurge is believed to be fully compliant with applicable laws and regulations, and the Company retains the services of an internationally recognized auditor to review its accounts, policies and procedures. As of the interim financial information for the third quarter 2007, Ensurge has prepared its consolidated financial reports in accordance with IFRS. The current information practices are adequate under current rules.

14. Take-overs

There are no take-over defense mechanisms in place. The board will endeavor that shareholder value is maximized and that all shareholders are treated equally. The board shall otherwise ensure full compliance with Section 14 of the Code.

15. Auditor

The Company's auditor is fully independent of the Company. In case the Company should wish to obtain non-audit services from the auditor, the amended Auditors Act in Norway requires the board of directors to consider and confirm in advance that the service is not believed to be prohibited under the Auditors Act and that any such non-audit service is of a nature and level that will not affect the auditor's independence in respect of their statutory audit of the Company's annual financial statements. In this manner, the board must pre-approve any such non-audit services from the auditor.

The board of directors shall otherwise ensure full compliance with Section 15 of the Code.

Articles of Association

§1 The name of the company

The name of the Company is Ensurge Micropower ASA. The Company is a public limited company.

§2 The company's business

The Company's business shall encompass the development, manufacturing, and sales of solid-state microbatteries. The Company's business shall also include the development of services related to solid-state microbatteries and the maximization of the value of the Company's roll-to-roll facility in San Jose, California. The Company's objectives may be carried out in full internally or in whole or in part externally through collaborative efforts with one or more of the Company's ecosystem and commercial partners. The Company's business may be carried out directly by the Company and/or through subsidiary companies. The Company may hold ownership positions in companies with similar activities.

§3 Registered office

The registered office of the Company is situated in Oslo.

§4 The company's share capital

At 8 March 2022, the Company's share capital is NOK 210,563,602.92 divided into 212,690,508 shares each having a par value of NOK 0.99.

§5 The company's governance

The Company's board of directors shall consist of from three to nine members, as decided by the general meeting. The board may grant powers of procuration.

§6 The general meeting

The ordinary general meeting shall consider and decide:

1. Adoption of the annual financial statement and report of the board of directors, including the declaration of a dividend.
2. Election of chairman and members of the nomination committee, and determination of remuneration to the members of the nomination committee.
3. Any other business required by the laws or the articles of association to be transacted by the general meeting.

The general meetings of the Company shall as a general rule be conducted in the Norwegian language. However, the board of directors may decide that the English language shall be used.

§7 Exemption from requirements to submit documents with notice of general meeting

Documents which timely have been made available on the Internet site of the Company, and which deal with matters that are to be handled at the general meeting, do not need to be sent to the Company's shareholders.

§8 Registration for general meeting

A shareholder who wishes to attend the general meeting, in person or by proxy, shall notify its attendance to the Company no later than two days prior to the general meeting. If the shareholder does not notify the Company of its attendance in a timely manner, the Company may deny the shareholder access to the general meeting.

§9 Nomination committee

a Ensurge Micropower ASA shall have a nomination committee. The nomination committee shall have three members, including a chairman. Members of the nomination committee shall be elected by the Annual General Meeting for a term of two years.

a The nomination committee shall:

- Propose candidates for election to the Board of Directors
- Propose the remuneration to be paid to the Board members
- Propose candidates for election to the nomination committee
- Propose the remuneration to be paid to the nomination committee members

a The mandate of the nomination committee shall be resolved by the Annual General Meeting.

§10 Relation to the Norwegian public limitied companies act

Reference is also made to the legislation concerning public limited companies in force at the relevant time.

Board of Directors

Morten Opstad
Chairman

MORTEN OPSTAD has served as Ensurge board chair since 2006. He is a partner in Advokatfirmaet Ræder AS in Oslo, Norway. Morten has been a legal and strategic advisor to multiple successful companies in the technology sector and has guided growth from early entrepreneurial stages to stock exchange listings. He currently serves as board chair of IDEX Biometrics ASA, listed on Oslo Børs and Nasdaq. Mr. Opstad holds a legal degree (Cand. Jur.) from the University of Oslo and was admitted to the Norwegian Bar Association in 1986. He is a Norwegian citizen and resides in Oslo.

Preeti Mardia
Board Member

PREETI MARDIA has diverse business management and operations leadership experience across the electronics, telecommunications, banking, and FMCG sectors. She has successfully scaled multiple businesses, including world-class semiconductor manufacturing companies. She has held executive management positions in technology companies including IDEX ASA, Axxcss Wireless Ltd, and Filtronic Plc and FMCG leader Cadbury Schweppes Plc. She has served on the boards of two publicly listed companies in the United Kingdom, GFinity Plc and Maistro Plc and is strategically involved in a UK charity organization. Preeti has a master's degree in management from Ashridge Business School in the United Kingdom and joined the Ensurge board in 2013. She is a British citizen and resident.

Jon Castor
Board Member

JON CASTOR is an entrepreneur and active independent private and public company director. His 25 years of senior leadership experience has included building both classic Silicon Valley venture funded startups and two new divisions for Fortune 500 companies. He also has considerable private and public company M&A experience, including leading the team of a venture he co-founded through a double exit. His industry experience includes ICs, systems, and software, digital media, consumer electronics and services, and multiple forms of advanced and renewable power generation. Jon's Silicon Valley venture successes include Omneon, where the team built the world leader in broadcast video servers, and TeraLogic, a pioneering HDTV venture supported by Sony, Mitsubishi, and Samsung, where he was cofounder and CEO. Jon has an MBA from the Stanford Graduate School of Business and a BA with distinction from Northwestern University. Jon joined the Ensurge board in May 2019 and served as Chairman of the Strategy Committee. He is a United States citizen and resident.

Kelly Doss
Board Member

KELLY DOSS is a senior marketing executive and brand consultant. She has over 25 years of experience in global brand management with a strong track record of delivering breakthrough revenue and sales growth in varying channels of distribution. She has considerable expertise across the marketing, innovation, and operational functions in both the alcoholic beverage and beauty categories. Her industry experience includes 15 years in the global spirits category, leading marketing for Beam Suntory in both EMEA and North America and over 10 years in the beauty industry across hair care, skin care, and color cosmetics. Over the course of her career, leading cross-functional teams, she has launched well over 100 new products & multiple global packaging restages. Kelly has a master's degree in international management from the Thunderbird School of Global Management, and a BA with honors from the University of Michigan. Kelly joined the Ensurge board in May 2019. She is a United States citizen and resident.

Executive Management

Kevin Barber
Chief Executive Officer

KEVIN BARBER joined Ensurge as CEO in November 2018. He is responsible for driving worldwide strategic growth, scaling product innovation and manufacturing operations while increasing market penetration and identifying new business opportunities. Mr. Barber was previously Senior Vice President, General Manager Mobile Division of Synaptics, where he drove the strategy, business development, M&A and execution of growing revenue fourfold to over $1 billion annually. Previously, he was CEO of ACCO Semiconductor a Venture Capital funded startup. Prior to ACCO, Mr. Barber served as Senior Vice President, General Manager Mobile Business at Skyworks Solutions where he led the strategy achieving top RF power amplifier market share in the high growth mobile market. Prior to Skyworks, Mr. Barber served as Senior Vice President, Operations at Conexant leading strategic efforts of global manufacturing scale, technology development, and supply chain management enabling Conexant to be a leader in diverse markets. He holds a Bachelor of Science in Electrical Engineering from San Diego State University and an MBA from Pepperdine University. Mr. Barber currently serves as a Board Director at Intevac.

Dave Williamson
Acting Chief Financial Officer

DAVE WILLIAMSON joined Ensurge in February 2020 and serves as Acting Chief Financial Officer. He is an experienced financial executive with years of vice president and senior controller experience at large public international companies in addition to successful venture backed companies. Williamson has established a reputation for building world-class teams and for aligning financial and business metrics to support business strategy and growth. He is based at Ensurge's San Jose, California office.

Dr. Arvind Kamath
EVP Technology Development

DR. ARVIND KAMATH joined Ensurge in January 2014 from Kovio, Inc., where he served as Sr. Director, Technology Development. At Ensurge, he has built and led several teams in the areas of technology development, engineering, and operations. Most recently, he was responsible for the flexible substrate roll-to-roll PDPS (Printed Dopant Polysilicon) manufacturing scale-up and led the development of a global enabling ecosystem. At Kovio, Dr. Kamath led materials and process development and integration of a revolutionary printed electronics platform based on silicon ink, from feasibility to qualification and yield enhancement. Prior to Kovio, he worked at LSI Logic in various managerial and specialist roles, including process engineering, group management, R&D operations, SRAM integration and yield enhancement. Dr. Kamath earned a B.Tech degree in Metallurgical Engineering from the Indian Institute of Technology, Chennai and a Ph.D in Materials Science and Engineering from the microelectronics program at The University of Texas - Austin.

Vijay Parmar
VP Sales & Marketing

VIJAY PARMAR joined Ensurge in August 2021 and leads the development and implementation of the company's go-to-market strategy. He has extensive leadership experience in both publicly traded companies and fast-growing startups with particular expertise in wearables, IoT, and connectivity. He previously served as Founder and CEO of IoT connectivty pioneer GainSpan and M2M solutions provider ReZolt, both later acquired. He served in senior leadership role at Intel, where he launched a business unit focused on IoT connectivity, and at AMD, where he led marketing for telecommunications and networking products. He serves as a board member of Valencell and Nymi. Vijay holds a Bachelor of Technology degree in Electrical Engineering from the Indian Institute of Technology, Bombay and an MBA from Tulane University.

Jay Tu
VP Operations

JAY TU joined Ensurge in October 2021 and leads all aspects of manufacturing, supply chain, and quality. He brings more than 20 years of experience in high-tech manufacturing and operations and has scaled up multiple semiconductor, assembly, and roll-based technologies and products into high-volume production. Most recently, he served as vice president, operations at RFID leader Alien Technology, where he built a global supply chain to support a billion-uni business. Jay holds a Ph.D. in electrical engineering from the University of California, Berkeley.

SHANNON FOGLE joined Ensurge in January 2014 from Kovio, Inc. She leads the Company's human resources and administrative functions. Ms. Fogle led the human resources functions at Kovio from 2007 until 2014. Prior to Kovio, Ms. Fogle worked in various operations roles at Spansion and Advanced Micro Devices. Shannon holds a Bachelor of Science degree in Business Management from San Jose State University and is Certified by the Society of Human Resource Management.

Shannon Fogle
VP Global Human Resources
& Administration

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