ENSURGE MICROPOWER ASA

(a Norwegian public limited liability company organized under the laws of Norway with business registration number 889 186 232)

Listing of 9,243,817 Tranche 2 Shares issued in a Private Placement
Listing of up to 15,596,666 Convertible Loan Shares in connection with the potential conversion of Convertible Loans

The information contained in this prospectus (the "**Prospectus**") relates to

(i) the listing on Oslo Børs, a stock exchange operated by Oslo Børs ASA (the "**Oslo Børs**"), of 9,243,817 new shares (the "**Tranche 2 Shares**"), at a subscription price of NOK 2.00 per Tranche 2 Share (the "**Subscription Price**"), each with a nominal value of NOK 0.99, in Ensurge Micropower ASA ("**Ensurge**" or the "**Company"**, and together with its consolidated subsidiaries, the "**Group**"), issued in a second tranche ("**Tranche 2**"), resolved issued by the Company's Extraordinary General Meeting on 1 December 2022, as part of a private placement directed towards certain investors for gross proceeds of NOK 55 million (the "**Private Placement**"); and

(ii) the listing of up to 15,596,666 shares on Oslo Børs issued in connection with conversion of convertible loans (the **"Convertible Loan Shares"**), at a conversion price of NOK 3.00 per Convertible Loan Share (the **"Conversion Price"**), each with a nominal value of NOK 0.99.

The Tranche 2 Shares and the Convertible Loan Shares will collectively be referred to as the "**New Shares**".

The Private Placement was divided into a first tranche ("**Tranche 1**"), consisting of 18,256,183 new shares ("**Tranche 1 Shares**"), and Tranche 2 (the Tranche 1 Shares and the Tranche 2 Shares collectively referred to as the "**Private Placement Shares**"). The Tranche 2 Shares will be transferred to Ensurge's ordinary ISIN and be tradable on the Oslo Børs under the ticker code "ENSU" upon approval and publication of this Prospectus.

The issuance of convertible loans with a total par value of NOK 46,790,000 ("**Convertible Loans**") was resolved by the Extraordinary General Meeting in the Company on 17 August 2022. The Convertible Loans mature on 17 August 2023 unless converted into shares in the Company by the respective lenders. The lenders of the Convertible Loans may claim conversion of all or part of the Convertible Loan, at the earliest on 17 February 2023, and at the latest on 17 August 2023. The Converible Loan Shares will be tradable on Oslo Børs under the ticker code "ENSU" upon conversion and subsequent delivery.

Investing in the Company's Shares, including the Private Placement Shares, and the Convertible Loan Shares, involves a high degree of risk. See Section 2 "*Risk Factors*".

21 December 2022

IMPORTANT NOTICE

For the definition of terms used throughout this Prospectus, please see Section 15 "*Definitions and Glossary of Terms*", which also applies to the front page.

This Prospectus has been prepared to provide information about the Company and its business in relation to the Private Placement, the Convertible Loan and the listing of New Shares and to comply with the Norwegian Securities Trading Act of 29 June 2007 no.75 (the "**Norwegian Securities Trading Act**") and related legislation and regulations, including Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, as implemented in Norway (the "**EU Prospectus Regulation**") by Section 7-1 of the Norwegian Securities Trading Act. This Prospectus has been prepared solely in the English language.

The Prospectus has been reviewed and approved by the Financial Supervisory Authority of Norway (Nw. *Finanstilsynet*) (the **"Norwegian FSA**") on 21 December 2022 as a competent authority under the EU Prospectus Regulation.

This Prospectus has been drawn up as part of the simplified prospectus regime in accordance with Article 14 of the EU Prospectus Regulation.

The information contained herein is current as of the date hereof and subject to change, completion and amendment without notice. There may have been changes affecting the Company or the Group subsequent to the date of this Prospectus. Significant new factors, material mistakes or inaccuracies relating to the information included in this Prospectus, which are capable of affecting the assessment of the Shares between the time when this Prospectus is approved, and the listing of the New Shares at Oslo Børs, will be included in a supplement to this Prospectus. Neither the publication nor distribution of this Prospectus shall under any circumstances create any implication that there has been no change in the Group's affairs or that the information herein is correct as of any date subsequent to the date of this Prospectus.

Unless otherwise indicated, the source of information included in this Prospectus is the Company. The contents of this Prospectus shall not be constructed as legal, business or tax advice. Each reader of this Prospectus should consult its own legal, business or tax advisor as to legal, business or tax advice. If the reader is in any doubt about the contents of this Prospectus, a stockbroker, bank manager, lawyer, accountant or other professional advisor should be consulted.

All inquiries relating to this Prospectus, the Private Placement, the Convertible Loan, or the New Shares should be directed to the Company. No other person has been authorized to give any information about, or make any representation on behalf of the Company in connection with the Private Placement, the Convertible Loan, or the New Shares. If given or made, such other information or representation must not be relied upon as having been authorized by the Company.

The distribution of this Prospectus may be restricted in certain jurisdictions. Accordingly, this Prospectus may not be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable law and regulations. The Company requires persons in possession of this Prospectus to inform themselves about, and to observe, any such Prospectus distribution restrictions.

Readers are expressly advised that the Company's Shares are exposed to risk and they should therefore read this Prospectus in its entirety, in particular Section 2 "*Risk Factors*". An investment in the Company is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of their investment.

The Prospectus and the terms and conditions of the Private Placement, the Convertible Loan, and the New Shares as set out herein shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Prospectus.

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1 EXECUTIVE SUMMARY

1.1 SECTION A – INTRODUCTION AND WARNINGS

Introduction and warnings	This Summary contains all sections required to be included in a Summary for this type of securities and issuer. This Summary should be read as an introduction to the Prospectus. Any decision to invest in the Company should be based on consideration of the Prospectus as a whole by the investor. Investing in the securities may cause the investor to lose all or part of the invested capital. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the applicable national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled this summary including any transactions thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
The securities	The Company's shares are subject to trading on Oslo Børs under ticker code "ENSU". International securities identification number ("ISIN"): NO 0012450008.
The issuer	Name of the issuer: Ensurge Micropower ASA Business registration number: 889 186 232 Legal entity identifier ("LEI"): 5493007QXMCG0WPKFC96. Address: c/o House of Business, Fridtjof Nansens plass 4, 0160 Oslo, Norway Tel: +1 408 503 7300 Website: www.ensurge.com
Date of approval of the Prospectus	This Prospectus was approved by the Financial Supervisory Authority of Norway on 21 December 2022. Contact information: Financial Supervisory Authority of Norway Address: Revierstredet 3, Postboks 1187 Sentrum, 0107 Oslo, Norway Tel: +47 22 93 98 00 E-mail: post@finanstilsynet.no

1.2 SECTION B – KEY INFORMATION ON THE ISSUER

Who is the issuer of the securities?

Corporate information	Ensurge Micropower ASA (**"Ensurge"** or the **"Company"**) is a public limited liability company incorporated under the laws of Norway and subject to the Norwegian Public Limited Companies Act of 13 June 1997 no.45 (*Nw.*:"*allmennaksjeloven*") (the "**PLCA**"). The Company was incorporated on 22 December 2005.

<table>
<tr><td>Principal activities</td><td>Ensurge is focused on becoming a premier provider of energy storage solutions designed for wearable devices and connected sensors. The Company's principal business activities include the design, development, production, and sale of battery solutions based on Ensurge solid-state lithium battery technology. The Company's design and development activities take place at its global headquarters in Silicon Valley (San Jose, California, USA). The Company intends to scale the manufacturing of solid-state lithium microbattery products in its Silicon Valley flexible electronics fabrication facility. Ensurge's strategy is to develop a new class of premium microbatteries based on solid-state lithium microbattery technology and market these to companies developing portable electronics for use in existing market segments as well as emerging applications.</td></tr>
<tr><td>Major shareholders</td><td>As of the date of the Prospectus, the following registered shareholders have holdings in excess of the statutory threshold for disclosure requirements.[1] Note: The list may include nominee shareholders, which holdings may belong to one or several beneficial owners. In case of nominee shareholders, the disclosure requirement applies to the beneficial owner of the Shares.

<table><tr><th>Name of registered shareholder</th><th>Number of Shares held</th><th>%</th></tr><tr><td>UBS Switzerland AG</td><td>28,778,356</td><td>12.24%</td></tr><tr><td>Alden AS</td><td>23,687,588</td><td>10.08%</td></tr><tr><td>Tigerstaden AS</td><td>13,000,000</td><td>5.53%</td></tr></table>
UBS Switzerland AG is a nominee shareholder. Other than as disclosed by large shareholders on Oslo Børs, the Company is not aware of the number or identity of any beneficial owners of shares held by said nominees. To the best of the Company's knowledge and belief, no shareholder, or group of shareholders, controls the Company, directly or indirectly.

On 31 May 2022, Spreadex Ltd. disclosed that on 27 May 2022, a threshold was reached, following which Spreadex Ltd. held a total of 31,679,345 shares in the Company, corresponding to 14.89% of the share capital and votes.</td></tr>
<tr><td>Key management</td><td>The Company's key management comprise of the following members:

<table><tr><th>Name</th><th>Position</th></tr><tr><td>Kevin Barber</td><td>Chief Executive Officer</td></tr><tr><td>Tarun Anand</td><td>Acting Chief Financial Officer</td></tr><tr><td>Arvind Kamath</td><td>EVP Technology Development</td></tr></table></td></tr>
<tr><td>Statutory auditor</td><td>The Company's statutory auditor is Deloitte AS, with registered address at Dronning Eufemias gate 14, 0191 Oslo, Norway.</td></tr>
</table>

[1] The overview is based on data from the VPS as of 20 December 2022.

What is the key financial information regarding the issuer?

Financial Statements

Financial Statements

Profit and Loss	First Nine Months	First Nine Months	Full Year
Amounts in USD (1,000)	2022	2021	2021
Total revenue	-	-	-
Gross Margin	-	-	-
Loss before interest, tax, depreciation (EBITA)	(16 042)	(25 095)	(30 963)
Net loss for the period	(16 042)	(25 095)	(30 995)
Loss per share, basic and diluted (USD)	(0,08)	(0,17)	(0,16)
Amounts in USD (1,000)	30.sep.22	30.sep.21	31.des.21
Total Assets	8 791	16 462	10 374
Total Equity	(15 212)	(8 880)	(13 481)
Net financial debt	24 003	25 342	23 855
Cash flow	First Nine Months	First Nine Months	Full Year
Amounts in USD (1,000)	2022	2021	2021
Net cash flows from operating activities	(15 414)	(10 789)	(14 548)
Net cash flows from investing activities	(532)	(1 591)	(1 838)
Net cash flows from financing activities	13 780	19 639	17 450

Pro forma financial information	Not applicable. There is no pro forma financial information.
Qualifications in audit report	The audit report for 2021, dated 26 April 2022, includes qualifications as follows. The Group and 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. Further that the liquidity situation, along with other matters set forth in the annual report for 2021, indicate that a material uncertainty exist that may cast significant doubt on the Company's ability to continue as a going concern.

What are the key risks that are specific to the issuer?

Key risks specific to the issuer

- Ensurge currently believes that funding secured from the Private Placement can fund the Company's planned operations into Q1 2023. The Company may require additional sources of funding to continue beyond that point.
- Ensurge's new energy storage strategy has not matured to commercial phase. The Company has limited history within this business opportunity, and the success of the strategy is uncertain. Future revenues will be dependent upon, among other factors, the following:
    - The technology and production processes, as well as the general energy storage market, needs to be matured.
    - The Company is dependent on continued collaboration with technology, materials and manufacturing partners.
    - The Company will need to adapt its technology and deliver products at profitable pricing, also maintaining strict market demands and market standards.
- Ensurge's technology is not well established in the target energy storage markets. If Ensurge fails to successfully establish its technology and products in the target markets, it may not achieve targeted levels of revenue and profitablitiy.

	• Ensurge is highly dependent on IP and the Company's methods of protecting its IP may not be adequate and the Company can be subject to patent or other IP infringement actions.

1.3 SECTION C – KEY INFORMATION ON THE SECURITIES

What are the main features of the securities?

Type of class of securities being offered	The Company has one class of Shares, and all Shares carry equal rights as set out in Section 4-1 (1) first sentence of the PLCA. The Shares are registered in the Euronext VPS ("VPS") and carry the securities identification code ISIN NO 0012450008. The New Shares are in all respects equal to the existing Shares of the Company.
Currency	The Shares are issued in NOK and are quoted and traded in NOK on Oslo Børs.
Number of shares, par value and denomination	Following the Private Placement, Ensurge's share capital was NOK 241,786,213.02 divided into 244,228,498 ordinary Shares, each Share being fully paid and having a par value of NOK 0.99. Assuming conversion of all Convertible Loans, the Company's share capital may be, upon issuance of the corresponding Convertible Loan Shares, increased with maximum NOK 15,440,699.34, representing 15,596,666 additional Shares, each with a par value of NOK 0.99.
Rights attached	The New Shares are ordinary Shares in the Company, i.e., the same class as the Shares already in issue and listed on Oslo Børs. The New Shares will obtain rights to receive dividends from the time the associated share capital increase in connection with the issuance in question is registered in the Company Registry. The Company's Shares have equal rights to the Company's profits, in the event of liquidation and to receive dividends unless all the shareholders approve otherwise. Each Share in the Company gives the holder the right to cast one (1) vote at the general meetings of shareholders of the Company.
Restrictions on free transferability	The Company's Shares are freely transferable according to Norwegian law and the Company's Articles of Association.
Dividend policy	Ensurge does not have an established dividend policy in place except to say that the Company's aim and focus is to enhance shareholder value and provide an active market in its shares. 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.

Where will the securities be traded?

Listing and admission to trading	The Company's Shares have been listed on Oslo Børs, under the ticker symbol "THIN" since 27 February 2015 to 15 March 2022, and under the ticker "ENSU" from 16 March 2022. The listing on Oslo Børs of the Tranche 2 Shares is subject to the approval of the Prospectus by the Norwegian FSA under the rules of the Norwegian Securities Trading Act and the EU Prospectus Regulation. Such approval was granted on 21 December 2022. The first day of trading was on 16 November 2022 for the Tranche 1 Shares, and expected to be on or about 22 December 2022 for the Tranche 2 Shares. Ensurge's shares are not listed on any other regulated market, and Ensurge does not intend to seek such listing. Ensurge shares are also currently traded in the United States on the OTCQB Venture Market under the ticker symbol "ENMPF". Ensurge also has

	American Depositary Shares ("ADRs") trading on OTCQB under the ticker "ENMPY".

What are the key risks that are specific to the securities?

Key risks specific to the securities	• Future issuance of Shares upon exercise of all or a significant amount of outstanding incentive subscription rights, as well as issuance of Shares upon conversion of the Converible Loan into Convertible Loan Shares, will dilute the existing shareholders significantly and could materially affect the price of the Shares. • Future issuances of Shares, which may be needed due to the Company's economic state, could dilute the holdings of shareholders and could materially affect the price of the Shares.

1.4 SECTION D – KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND THE ADMISSION OF SECURITIES TO TRADING ON A REGULATED MARKET

Under which conditions and timetable can I invest in this security?

Terms and conditions of the offer	On 8 November 2022, Ensurge raised approximately NOK 36,5 million in gross proceeds through the issuance of 18,256,183 Tranche 1 Shares, each with a par value of NOK 0.99 and a Subscription Price of NOK 2.00 per Tranche 1 Share. Further, on 1 December 2022, the Company raised approximately NOK 18,5 million in gross proceeds through the issuance of 9,243,817 Tranche 2 Shares, each with a par value of NOK 0.99 and a Subscription Price of NOK 2.00 per Tranche 2 Share, subject to the approval and publication of this Prospectus before listing on Oslo Børs. Below is an overview of the terms and timetable for the Tranche 2:

Number of Tranche 2 Shares:	9,243,817
Subscription Price per Tranche 2 Share:	NOK 2.00
Payment date:	On 8 December 2022
Registration of share capital increase:	On 12 December 2022
Delivery of Tranche 2 Shares:	On 13 December 2022
Trading of the Tranche 2 Shares:	Expected first day of trading of the Tranche 2 Shares on Oslo Børs is on or about 22 December 2022
Number of Shares pre Private Placement	216,728,498 Shares, each with a par value of NOK 0.99.
Number of Shares post Tranche 1	234,984,681 Shares, each with a par value of NOK 0.99.
Number of Shares post Tranche 2	244,228,498 Shares, each with a par value of NOK 0.99.
Rights of the Tranche 2 Shares	The Tranche 2 Shares are in all respects equal to the ordinary Shares of the Company.
Dilution:	The percentage of immediate dilution resulting from the Private Placement for the Company's existing shareholders who did not participate in the Private Placement, is approximately 12.68 %.

Below is an overview of the terms and timetable for the Convertible Loan Shares:

Number of Convertible Loan Shares:	Up to 15,596,666 Shares, each with a par value of NOK 0.99
Conversion Price:	NOK 3.00 per Convertible Loan Share
Conversion Period:	At any time from 17 February 2023 until 17 August 2023
Payment for Convertible Loan Shares:	Settled by set-off of accounts receivable under Convertible Loans
Delivery date of Convertible Loan Shares:	Convertible Loan Shares are expected to be delivered to the lender's VPS account on or about 14 days following registration of the associated share capital increase in the Company Registry, provided that the Company has reserved the right to register share capital increases no more than once every three months; on 17 February 2023, 17 May 2023, and on 17 August 2023
Trading of Convertible Loan Shares:	Expected on or about 2 days following registration of share capital increase in the Company Registry
Dilution:	Assuming full conversion of the Convertible Loans, the issuance of the Convertible Loan Shares would result in a dilution of existing shareholders in the Company, taking into account the share capital increases in connection with the Private Placement, of up to approximately 6.38%.

Estimated expenses	The estimated expenses relating to the Private Placement will be about NOK 4.3 million including Prospectus costs and fees to the Managers and the legal advisors. No expenses will be charged to the investors by the Company in connection with the New Shares.

Why is this Prospectus being produced?

Use of proceeds	The net proceeds from the Private Placement will be used to fund the Company's operations and development work for the next 3-5 months.
Net proceeds	The gross proceeds to the Company for the Private Placement Shares issued in the Private Placement, will be approximately NOK NOK 55 million.
Material conflicts of interest in the offer	The Company is not aware of any material conflicts of interest of any natural and legal persons involved in the Private Placement. Alden AS, an existing shareholder who participated in the Private Placement, lent existing and unencumbered shares already listed on Oslo Børs to the Managers pursuant to a share lending agreement between the Managers, Alden AS and the Company (the "**Share Lending Agreement**"), in order to facilitate a settlement on Tranche 1 and Tranche 2 on a Delivery-versus-Payment ("**DvP**") basis.
Underwriting agreements	No underwriting agreements have been concluded in connection with the issuance of the New Shares.

2 RISK FACTORS

Investment in Shares, including the New Shares, in the Company involves a high degree of risk. An investor in the Company's Shares should carefully consider the following risk factors, being the principal known risks and uncertainties faced by the Company as of the date hereof that the Company believes are the material risks relevant to an investment in the New Shares, as well as the other information contained in this Prospectus, including information incorporated hereto by reference, see Section 14.5 "Incorporation by reference", and other publicly available information regarding the Company that the Company displays on its website or makes available through Oslo Børs' information system, www.newsweb.no, before deciding to invest in the Shares.

Should any of the following risks occur, it could have a material adverse effect on the Group's business, prospects, results of operations, cash flows and financial position, and the price of the Shares may decline, causing investors to lose all or part of their invested capital.

The risk factors presented in this Section 2 are not exhaustive with respect to all risks relating to the Company and the Shares, but are limited risk factors that are considered specific to the Company and the Shares. The risk factors are presented in a limited number of categories, where each risk factor is sought placed in the most appropriate category based on the nature of the risk it represents. Within each category the risk factor deemed most material for the Company and/or the Shares, taking into account their potential negative effect for the Company and its subsidiaries and the probability of their occurrence, is set out first. This does not mean that the remaining risk factors are ranked in order of their materialility or comprehensibility, nor based on the probability of their occurrence.

Before making any decision to invest in the Company's shares, an investor must take into account that a number of general risks not mentioned in this Section 2 still apply to the Company and the Shares.

An investment in the Shares is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of their investment.

2.1 Risks Related to the Company's Financial Condition

2.1.1 The Private Placement will only provide funds for a limited period of operation

The Private Placement is intended to provide funding to finance the Group's operating costs into Q1 2023. The warrants that expired on 30 November 2022 had an exercise price of NOK 5.40. These warrants could potentially bring additional funding of NOK 50 million. However, due to the exercise price of the warrants being well above the market value of the share as of the exercise date, on 30 November 2022, no warrants were exercised. The Company may likely need to explore other fund raising opportunities to carry out its present business plan.

While the Company anticipates that agreements with partners (strategic and customers) will significantly contribute[2] towards coverage of the Company's cash expenses from Q1 2023, there is no guarantee that such agreements will be attained.

[2] While the exact amount of the contribution is impossible to predict, Ensurge believes that an agreement with a partner that includes a cash consideration will validatate the Company's technology and strategy and will make it easier to raise capital to fund the strategy, product development and go-to-market activities. Contribution could be as low as 15% of the Company's total annual expenses or higher depending on the terms of the agreement.

The Company obtained convertible loan financing in the amount of NOK 46,790,000 in July and August 2022, which loans can be converted into shares at the earliest on 17 February 2023 and at the latest on 17 August 2023, at a conversion price of NOK 3 per share. The likelihood of conversion depends on the development in the share price and there is a risk that the loan must be repaid in cash, unless converted into shares, on 17 August 2023, which would negatively affect the Company's liquidity.

Since its incorporation in 2005, the Company has experienced negative cash flow. Cash proceeds from the Private Placement are insufficient to fund the Company's operations beyond a limited period of operation. Ensurge will need to raise additional funds but cannot be certain that such additional financing will be available to the Company on acceptable terms when required, or at all.

Depending on the structure of any future offering, certain existing shareholders may not have the ability to purchase additional equity securities. If the Company raises additional funds by issuing additional equity securities, the holdings and voting interests of existing shareholders could be diluted. If the Company is unable to secure other sources of new fundraising, significant uncertainty would exist as to whether the Company can continue to operate. In such a case, the Board may evaluate further strategic options including the restructuring, sale, or dissolution of the Company.

2.1.2 Ensurge's future business is difficult to evaluate because the Company has ventured into a new business opportunity

The Company's new energy storage strategy, launched in January 2020, represents a business opportunity which needs to be matured to commercial phase. Ensurge's revenue and income-producing potential is unproven, and the Company's business model and strategy continue to evolve. Future revenues are contingent upon several factors, such as the Company's ability to mature its new technology and production processes, develop relationships with customers, and secure widespread commercial acceptance of the Company's technology. Historic performance will provide limited guidance to the Company's prospects with its current business strategy. An investor in the Shares must evaluate the Company's prospects based on limited operating and financial information while considering the risks and difficulties frequently encountered by early-stage companies when pursuing a new business opportunity in rapidly changing markets.

2.1.3 Ensurge is exposed to exchange rate risks

Since the announcement of the Company's solid-state lithium microbattery strategy, the Company has primarily pursued financing through private placements, subsequent offerings and warrant exercises in NOK. The functional currency of the Company is USD, and the Company's personnel and operations are primarily located in the United States. Therefore, the Company's fundraising potential in terms of USD may be reduced or expanded based on the exchange rate between USD and NOK whenever funds are subject to currency exchange.

2.2 Risks Related to the Company's Business Activities and Industry

2.2.1 Ensurge's business plan depends heavily on revenues from new technology that is commercially unproven, so delays in development may negatively affect the Company's ability to generate revenues

Ensurge's future growth depends on the commercial success of its technology. The Company has made a strategic shift towards the development and deployment of its solid-state lithium battery technology in several applications in the microbattery space. The Company is pursuing market opportunities for this technology. Ensurge will not be successful unless the Company manages to develop its technology and generate recurring revenue and grow its business. Implementation of the energy storage technology process is in an early phase, susceptible to both technology and market risks. To a certain extent, Ensurge is also dependent on continued collaboration with technology, materials, and manufacturing partners. The success of this strategy will depend on the Company's ability to develop and adapt its technology and deliver products which meet market demand and acceptance, at profitable pricing. The Company does not have a proven track record with respect to the technology and target markets. Further, Ensurge's resources, facilities and investments may not be adequate in order to achieve the targeted level of manufacturing and commercialization set out in the Company's business plan. If the Company's technology development is delayed, the Company may be required to raise additional funds to support extended development efforts. If the Company is unsuccessful in the timely development of products based on its solid-state lithium microbattery technology, it may not achieve targeted levels of revenue and profitability.

2.2.2 Future growth may place a significant strain on Ensurge's management systems and resources

In support of its solid-state lithium microbattery strategy, Ensurge will need to refine and develop its technology, product, sales and marketing functions, and adapt to customer demands to achieve the Company's business plan. Future growth may place a significant strain on Ensurge's management systems and resources. As an example, the Company will need to continuously grow its sales, marketing and customer support functions both in the Group's headquarters in San Jose, California as well as in other locations worldwide closer to the customers. This will also require setting up presence in several countries. Ensurge will need to continuously manage organizational changes, improve its financial and managerial controls and reporting systems and procedures, and expand, train and manage its work force. As the revenue grows across multiple countries, the Company will need to add to the financial and managerial systems, especially for multiple countries, and will also need to correspondingly grow the work force, while retaining qualified personnel and key employees with education and experience relevant to its development of technology. Similarly, Ensurge will need to continuously innovate technically, as well as increase the product lines requiring further engineering and technology development which will require additional technical resources.

If the Company fails to manage any of these aspects of its growth, its ability to deliver on technology and product development goals may be limited and the Company may not achieve targeted levels of revenue and profitability.

2.3 Risks Related to the Company's Markets

2.3.1 Ensurge's technology is not well established in target markets, establishment in target markets may prove difficult, and Ensurge will heavily depend on the success of its customers

Many of the markets that Ensurge targets in connection with its energy storage strategy, will require time in order to gain traction, and there is a potential risk of delays in the timing of sales. Several of the markets and customers Ensurge targets have inherently long product development cycles, ranging from nine months for small companies to four years for larger companies. Many of these products, e.g. medical devices, need to receive approval from agencies such as Food and Drug Administration (FDA) in the USA, which can add uncertainty and time to the time to market and time to revenue for Ensurge. While Ensurge believes that the Ensurge technology provides significant benefits compared to the alternate solutions, as Ensurge technology is new, many large companies will likely have long evaluation cycles before they commit to using the Ensurge products. Some of these companies may also require a second source besides Ensurge which will require Ensurge to sign up a strategic partner to provide that second source. These are examples of potential factors that may delay the customer and market traction and sales and revenue.

If the Company fails to establish and build relationships with customers, or customers' products which utilize the Company's technology do not gain widespread market acceptance, the Company may not be able to generate significant revenue. The Company does not aim to sell any products to end users, and it does not control or influence the manufacture, promotion, distribution, or pricing of the products that incorporate its solutions. Instead, the Company designs various devices and products that OEM customers incorporate into their products. Therefore Ensurge depends heavily on such OEM customers to successfully manufacture and to achieve success, without having control or influence over the manufacturing, promotion, distribution and pricing of the OEM customers' products.

As a result of this, the Company's success depends almost entirely upon the widespread market acceptance of its OEM customers' products that incorporate Ensurge devices.

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

- The ability of the Company's technologies and product solutions to address the needs, development and growth of these markets, the price and performance requirements of OEMs, and the preferences of end users; and

- Its ability to provide OEMs with solutions that provide an overall advantage when considering factors such as size, reliability, durability, performance, life-cycle cost, and value-added features compared with alternative solutions.

If the Company is unable to successfully establish its technology and products in key markets, it may not be able to achieve targeted levels of revenue and profitability.

2.4 Risks Related to Legal and Regulatory Matters

2.4.1 Ensurge is highly dependent on IP, the Company's methods of protecting its IP may not be adequate and the Company can be subject to patent or other IP infringement actions

Ensurge relies on a combination of patent laws, trade secrets, confidentiality procedures and contractual provisions to protect the Company's IPR.

Ensurge cannot be certain that it will be able to obtain patent protection on the key components of its solid-state lithium microbattery and stainless steel-based flexible electronics manufacturing technology or that the Company will be able to obtain patents in key jurisdictions such as the United States, China, Japan or EU. Ensurge cannot be certain that the Company will develop new products or technologies that are patentable, that any issued patent will provide the Company with any competitive advantages or will not be challenged by third parties, or that the patents of others will not impair the Company's ability to do business.

Furthermore, the Company's equipment term loan facility with Utica Leaseco, LLC is secured by all of the Company's patent IP.If the Company is unable to fulfill its obligation under the loan facility, Utica Leaseco, LLC may enforce their security interest.

Unauthorized parties may attempt to copy or obtain and use the Company's technology. Policing the unauthorized use of Ensurge's technology is difficult, and there may be misappropriation of its technology by such unauthorized parties. Ensurge has registered or pending patents in several countries and regions relating to its technology, but misappropriation may nonetheless occur.In the event of misappropriation, the Company may choose to enter into legal proceedings, at its own expense, to defend its IPR, but there is no guarantee that such proceedings will be successful.

Ensurge's competitors or other persons may have already obtained or may in the future obtain patents relating to one or more aspects of the Company's technology. If Ensurge is sued for patent or other intellectual property right infringement, the Company may be forced to incur substantial costs in defending itself. If litigation were to result in a judgment that Ensurge infringed a valid and enforceable patent or other intellectual property right, a court may order the Company to pay substantial damages to the owner of the patent or other intellectual property right and to stop using any infringing technology or products. This could cause a significant disruption in Ensurge's business and force the Company to incur substantial costs to develop and implement alternative, non-infringing technology or products, or to obtain a license from the patent or other intellectual property right owner. This could also lead Ensurge's licensees and customers to bring warranty claims against the Company.

2.5 Risk factors relating to the Shares

2.5.1 Future issuances of Shares upon exercise of incentive subscription rights and/or the conversion of convertible loans could dilute the holdings of shareholders and could materially affect the price of the Shares

As of the date of this Prospectus, a total of 21,350,715 incentive subscription rights are issued and outstanding under the Company incentive subscription rights plans. The Company further obtained Convertible Loans in July and August 2022, with a total par value of NOK 46,790,000 and with a conversion price of NOK 3.00 per share upon conversion. The Convertible Loans can be converted into shares at the earliest on 17 February 2023 and at the latest on 17 August 2023.

Any issuance of new Shares upon the exercise of incentive subscription rights and/or the conversion of Convertible Loans will result in the dilution of the ownership interests of the Company's existing shareholders. Exercise of all incentive subscription rights in the Company will result in a dilutive effect of 8.74% for existing shareholders, based on the number of shares in the Company following the Private Placement. Conversion of all Convertible Loans will result in a dilutive effect of 6.38% for existing shareholders, based on the number of shares in the Company following the Private Placement.

Collectively, new Shares to be issued upon exercise of incentive subscription rights and the conversion of Convertible Loans may result in a collective dilutive effect of 15.12% for existing shareholders, based on the number of shares in the Company following the Private Placement. For shareholders who did not participate in the Private Placement, the collective dilutive effect would be 17.04%, taking into account the number of Shares in the Company prior to the Private Placement.

2.5.2 Future issuances of Shares, which may be needed due to the Company's economic state, could dilute the holdings of shareholders and could materially affect the price of the shares

The Private Placement is intended to provide funding to finance the Group's operating costs for 3 to 5 months. The warrants that expired on 30 November 2022 had an exercise price of NOK 5.40. These warrants could potentially bring additional funding of NOK 50 million. However, due to the exercise price of the warrants being well above the market value of the share as of the exercise date, on 30 November 2022, no warrants were exercised. The Company may likely need to explore other fund raising opportunities to carry out its present business plan.

The Convertible Loans obtained by the Company in the amount of NOK 46,790,000, which loans can be converted into shares at the earliest on 17 February 2023 and at the latest on 17 August 2023, at a conversion price of NOK 3 per share, may not be converted due to the development in the Company's share price, and there is a risk that the loan must be repaid in cash, unless converted into shares, on 17 August 2023.

The above Convertible Loans, which, at the time of exercise or conversion, may not be exercised or converted due to the share price of the Company's shares at that time, and also taking into regard the fact that the Private Placement is intended to finance operating costs for 3 to 5 months, may lead to the Company having to seek additional funding by way of private placements, rights issues, convertible loan financing, etc. Reference is made to the Company's working capital statement, cf. Section 9.2 of this Prospectus. The potentially needed funding may result in issuance of shares which, in turn, may result in significant dilution of holdings of existing shareholders. Further, any such additional issuance of shares could materially affect the price of the Company's Shares.

3 RESPONSIBILITY STATEMENT

The Prospectus has been prepared by the Board of Directors in Ensurge Micropower ASA (the "**Board**" or the "**Board of Directors**") to provide information to shareholders and investors of the Company in connection with the Private Placement and the listing of the Private Placement Shares, and the potential listing of the Convertible Loan Shares, as described herein.

The Board of Directors hereby declares that, to the best of our knowledge, the information contained in this Prospectus is in accordance with the facts and that the Prospectus makes no omission likely to affect its import.

The Board of Directors of Ensurge Micropower ASA

21 December 2022

Morten Opstad, *Chair*	Mark Newman, *Board member*	Victoire de Margerie, *Board member*

4 GENERAL INFORMATION

4.1 Approval of the Prospectus

This Prospectus has been approved by the Norwegian FSA under the EU Prospectus Regulation. The Norwegian FSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the EU Prospectus Regulation. Such approval shall not be considered as an endorsement of the issuer or the quality of the securities that are the subject of this Prospectus. All investors should make their own assessments as to the suitability of investing in the securities.

This Prospectus has been drawn up as part of the simplified prospectus regime in accordance with Article 14 of the EU Prospectus Regulation.

4.2 Cautionary note regarding Forward-looking Statements

This Prospectus includes "forward-looking" statements, including, without limitation, projections and expectations regarding the Group's future financial position, business strategy, plans and objectives (the "**Forward-looking Statements**"). All Forward-looking Statements included in the Prospectus are based on information available to the Company, and views and assessments of the Company, as of the date of this Prospectus. Except as required by the applicable stock exchange rules or applicable law, the Company does not intend, and expressly disclaims any obligation or undertaking, to publicly update, correct or revise any of the information included in this Prospectus, including forward-looking information and statements, whether to reflect changes in the Company's expectations with regard thereto or as a result of new information, future events, changes in conditions or circumstances or otherwise on which any statement in this Prospectus is based.

When used in this document, the words "anticipate", "believe", "can", "could", "estimate", "expect", "intends", "may", "might", "plans", "seek to", "should", "will", "would", or similar expressions, as they relate to the Group or its management, are intended to identify forward-looking statements. The Company can make no assurance as to the correctness of such Forward-looking Statements and investors are cautioned that any Forward-looking Statements are not guarantees of future performance. By their nature, Forward-looking Statements involve and are subject to known and unknown risks, uncertainties and/or assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties, assumptions and other factors, the actual results, performance or achievements of the Company and its Subsidiaries, or, as the case may be, the industry, may materially differ from any future results, performance or achievements expressed or implied by forward-looking statements in this Prospectus. Furthermore, Forward-looking Statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Company and its Subsidiaries operate.

Prospective investors in the Shares are cautioned that Forward-looking Statements are not guarantees of future performance and that the Group's actual financial position, operating results and liquidity, and the development of the industry in which the Group operates, may differ materially from those made in or suggested by the Forward-looking Statements contained in this Prospectus. The Company cannot guarantee that the intentions, beliefs or current expectations upon which its Forward-looking Statements are based will occur. Given the aforementioned uncertainties, prospective investors are cautioned not to place undue reliance on any of these Forward-looking Statements.

In particular, Sections 2 and 6 of this Prospectus contain statements regarding the Group's strategy going forward.

5 INFORMATION CONCERNING THE SECURITIES BEING ADMITTED TO TRADING

5.1 The background for, the purpose of and the use of proceeds

The net proceeds from the Private Placement will be used to fund the Company's operations and development work for the next 3-5 months.

The Company's net proceeds from the Convertible Loans in August 2022 were used for general corporate purposes in furtherance of the Company's development work towards delivering battery samples to its customers and partners and efforts to secure strategic partnerships.

5.2 The Private Placement

5.2.1 Overview

The full terms and conditions of the Private Placement are set out in Section 5.2.6. The main terms and timetable are set out in the table below.

Number of Tranche 2 Shares:	9,243,817
Subscription Price per Tranche 2 Share:	NOK 2.00
Payment date:	On 8 December 2022
Registration of share capital increase:	On 12 December 2022
Delivery of Tranche 2 Shares:	On 13 December 2022
Trading of the Tranche 2 Shares:	Expected first day of trading of the Tranche 2 Shares on Oslo Børs is on or about 22 December 2022
Number of Shares pre Private Placement	216,728,498 Shares, each with a par value of NOK 0.99.
Number of Shares post Tranche 1	234,984,681 Shares, each with a par value of NOK 0.99.
Number of Shares post Tranche 2	244,228,498 Shares, each with a par value of NOK 0.99.
Rights of the Tranche 2 Shares	The Tranche 2 Shares are in all respects equal to the ordinary Shares of the Company.
Dilution:	The percentage of immediate dilution resulting from the Private Placement for the Company's existing shareholders who did not participate in the Private Placement, is approximately 12.68%.

The Company received offers pursuant to which investors were willing to subscribe for a total of 27,500,000 Shares in the Company at a subscription price of NOK 2.00 per Share.

The Private Placement, which represented approximately 12.68% of the Company's outstanding share capital, was directed towards certain existing registered shareholders and certain new investors. The Private Placement structure of the transaction inherently require a waiver of existing shareholders' preferential rights to subscribe for new Shares. The Board has considered the Private Placement in light of the equal treatment obligations under the STA and Oslo Børs Circular no. 2/2014 and deems that the Private Placement would be in compliance with these requirements. The Board holds the view that it will be in the common interest of the Company and its shareholders to raise equity through a private placement, in view of current market conditions and the growth opportunities currently available to the Company. A private placement enables the Company to raise capital in an efficient manner, and the Private Placement is structured to ensure that a market-based subscription price is achieved.

The Board had in place an authorization from the 25 May 2022 Annual General Meeting to issue shares in connection with private placements. Under this authorization, the Board could issue a maximum of 18,256,183 new Shares.

The Private Placement would involve a number of new Shares exceeding the limitation of the Board authorization. Listing on Oslo Børs of new Shares representing 20% or more of the share capital, calculated over a period of 12 months, requires the issuance of a listing prospectus. For the foregoing reasons, the Board resolved that the Private Placement would be divided into two tranches, Tranche 1 and Tranche 2. Tranche 1 was resolved on 8 November 2022 through use of the existing Board authorization. The Tranche 1 Shares are also within the 20% threshold for a listing prospectus. Tranche 2 was made subject to approval at an Extraordinary General Meeting. The admission of the Tranche 2 Shares to trading on Oslo Børs would also be subject to approval and publication of a listing prospectus in accordance with Article 3 of the EU Prospectus Regulation.

The Board therefore resolved to structure the Private Placement as follows:

1. The Board uses its authorisation from the 2022 Annual General Meeting to issue 18,256,183 Tranche 1 Shares to the investors at a Subscription Price of NOK 2.00 per Tranche 1 Share.

2. The Board convened an Extraordinary General Meeting on 1 December 2022 to approve the issuance of 9,243,817 Tranche 2 Shares at a Subscription Price of NOK 2.00 per Tranche 2 Share.

At the Extraordinary General Meeting of the Company held on 1 December 2022 it was resolved to increase the share capital of the Company with NOK 9,151,378.83 through the issue of 9,243,817 Tranche 2 Shares, at a Subscription Price of NOK 2.00 per Tranche 2 Share.

The total gross proceeds from the Private Placement amounted to NOK 55 000 000.

Prior to the Private Placement, the Company's share capital was NOK 214,561,213.02 divided into 216,728,498 Shares, each with a par value of NOK 0.99. Following registration of the share capital increase in connection with the Tranche 1 Shares with the Company Registry, the Company has an issued share capital of NOK 232,634,834.19 divided into 234,984,681 Shares, each with a par value of NOK 0.99. Upon registration of the share capital increase in connection with the Tranche 2 Shares with the Company Registry, the Company's share capital will be NOK 241,786,213.02 divided into 244,228,498 Shares, each with a par value of NOK 0.99.

In connection with the Private Placement, the Board approved on 8 November 2022 to propose to the Company's Extraordinary General Meeting, that a subsequent offering was to be completed, by offering shareholders in the Company who were not offered to participate in the Private Placement, the possibility to subscribe for new Shares through a subsequent offering. A specific purpose of such proposed subsequent offering was to reduce the dilutive effect of the Private Placement. Following announcement of the Private Placement on 8 November 2022, the Company's Shares have traded around or below the Subscription Price of NOK 2.00, with volumes exceeding the maximum size of the proposed subsequent offering. Consequently, the

Company announced on 7 December 2022 that it is the opinion of the Board that the shareholders wishing to reduce the dilutive effect of the Private Placement have had the opportunity to purchase Shares in the Company in the market at prices similar to or below what would have been the subscription price in the proposed subsequent offering. Thus, the proposed subsequent offering was cancelled on 7 December 2022.

5.2.2 Subscription Price

The Subscription Price per Private Placement Share was NOK 2.00, as determined by the Board based on the bookbuilding process. The Subscription Price was announced on 8 November 2022 through Oslo Børs' electronic information system.

The Subscription Price was equivalent to a 22.64% discount to the closing price on the Company's Shares on Oslo Børs on 8 November 2022 (being the trading date immediately preceding the Board's resolution to carry out the Private Placement). The Subscription Price was wholly settled in cash.

No expenses or taxes were specifically charged to the subscribers in the Private Placement.

5.2.3 Subscription

The Tranche 1 Shares were timely subscribed for by the Managers, pursuant to an authorization and instruction granted by, and for resale to, the investors, who were allocated shares in the Private Placement, in the minutes of the Board meeting on 8 November 2022. The Tranche 2 Shares were subscribed for by the Managers, under the same authorization and for the same purpose, on a separate subscription form by 8 December 2022.

5.2.4 Allocation, payment for and delivery of the Private Placement Shares

The Private Placement and the allocation were approved by the Board on 8 November 2022; provided, however, that the issuance and allocation of the Tranche 2 Shares remained subject to approval by the Extraordinary General Meeting, which was granted on 1 December 2022.

Notifications of allotment and payment instructions for Tranche 1 and conditional allotment in Tranche 2 were sent to the applicants on 9 November 2022.

The total subscription amount for the Tranche 1 Shares was timely paid in full to the designated share issue account within the payment deadline.

Settlement of the Tranche 1 Shares took place on 11 November 2022 on a Delivery-versus-Payment (DvP) basis by delivery of existing and unencumbered shares in the Company that are already listed on Oslo Børs pursuant to a share lending agreement between the Company, the Managers and Alden AS.

The share capital increase associated with the Tranche 1 Shares was registered in the Company Registry on 16 November 2022, with a subsequent announcement on the same day regarding the registration of the share capital increase in the Company Registry. The Tranche 1 Shares issued pursuant to the Board authorization from the 2022 Annual General Meeting were used to settle the share borrowing from Alden AS.

The total subscription amount associated with the Tranche 2 Shares was paid in full to the designated share issue account within 8 December 2022.

The Tranche 2 Shares, other than the shares allocated to Robert Keith, Alden AS and Tigerstaden AS, were settled following the Extraordinary General Meeting on 1 December 2022 on a DvP basis by delivery of existing and unencumbered shares in the Company that are already listed on Oslo Børs pursuant to a share lending agreement between the Company, the Managers and Alden AS.

The share capital increase associated with the Tranche 2 Shares was registered in the Company Registry on 12 December 2022 with a subsequent announcement on the same day regarding the registration of the share capital increase in the Company Registry. The Tranche 2 Shares will be registered on the Company's ordinary ISIN NO 0012450008.

The following investors were allocated more than 5% of the Private Placement Shares in the Private Placement:

Name of investor	**Number of allocated Private Placement Shares**	**% of the Private Placement**
Robert Keith	5,000,000	18.18%
CQS	4,550,000	16.54%
Alden AS	2,500,000	9.09%

Robert Keith, and Alden AS are existing registered shareholders in the Company prior to the Private Placement.

Other than the above-mentioned shareholders, no existing shareholders or members of the Company's management, supervisory or administrative bodies were allocated or subscribed for Private Placement Shares in the Private Placement.

5.2.5 Admission to trading and dealing arrangements

The Company's Shares are listed on Oslo Børs under the ticker-code "ENSU".

Settlement of the Tranche 1 Shares took place on 11 November 2022 by delivery of existing and unencumbered shares in the Company that were already listed on Oslo Børs pursuant to the share lending agreement referenced in section 5.2.4, above.

The listing on Oslo Børs of the Tranche 2 Shares is subject to the approval of the Prospectus by the Financial Supervisory Authority under the rules of the Norwegian Securities Trading Act. Such approval was granted on 21 December 2022.

The first day of trading of the Tranche 2 Shares on Oslo Børs, under Oslo Børs' ticker symbol "ENSU", will be on or about 22 December 2022. None of the Company's Shares (including the Private Placement Shares) are offered or admitted to trading at any other regulated market than Oslo Børs.

The registrar for the Shares is DNB Bank ASA, Verdipapirservice, Dronning Eufemias gate 30, NO-0191 Oslo, Norway.

The Company has not entered into any underwriting agreement, stabilisation agreements, market making agreements or similar agreements for trading of its Shares on Oslo Børs.

5.2.6 Resolutions to issue the Private Placement Shares

The issuance of the Tranche 1 Shares was approved by the Company's Board on 8 November 2022 through the following resolution:

> *"The Board resolved that the Company's share capital is increased with NOK 18,073,621.17 from NOK 214,561,213.02 to NOK 232,634,834.19 by issuance of 18,256,183 new shares, each share having a par value of NOK 0.99, in a private placement of shares for a subscription price per share of NOK 2.00. The total par value of NOK 18,073,621.17 shall be added to the share capital of the Company, while the remaining NOK 18,438,744.83 is share premium. The new shares shall be subscribed for in equal parts by Skandinaviska Enskilda Banken AB and SpareBank 1 Markets AS for resale to the investors who have been allocated shares in the share capital increase. The existing shareholders' preferential right is deviated from. Subscription for the new shares shall be made in the minutes of this Board meeting, immediately following this meeting. The subscription price shall be paid within 11 November 2022 to a bank account specified by the Company in writing (or such later date as determined by the Board, but no later than 18 November 2022). The new shares shall carry shareholder rights, including right to dividends or other distributions that are declared, from registration of the share capital increase in the Norwegian Register of Business Enterprises. The estimated costs related to the private placement, both Tranche 1 and Tranche 2, are approximately NOK 4.3 million, which includes fees to the Managers and the legal advisors assisting on the placement, and preparation of a prospectus."*

The issuance of the Tranche 2 Shares was approved by the Company's Extraordinary General Meeting on 1 December 2022 through the following resolution:

> *"It is resolved that the Company's share capital is increased with NOK 9,151,378.83 from NOK 232,634,834.19 to NOK 241,786,213.02 by issuance of 9,243,817 new shares, each having a par value of NOK 0.99, in a private placement of shares for a subscription price per share of NOK 2.00. The total par value of NOK 9,151,378.83 shall be added to the share capital of the Company, while the remaining NOK 9,336,255.17 is share premium. The new shares shall be subscribed for in equal parts by Skandinaviska Enskilda Banken AB and SpareBank 1 Markets AS for resale to the investors who have been allocated shares in the placement. The existing shareholders' preferential right is deviated from. Subscription for the new shares shall be made on a separate subscription form. The subscription shall be made no later than 8 December 2022 (or such later date as determined by the Board, but no later than 15 December 2022). The subscription price shall be paid within 8 December 2022 to a bank account specified by the Company in writing (or such later date as determined by the Board, but no later than 15 December 2022). The new shares shall carry shareholder rights, including right to dividends or other distributions that are declared, from registration of the share capital increase in the Norwegian Register of Business Enterprises. The estimated costs related to the private placement, both Tranche 1 and Tranche 2, are approximately NOK 4.3 million, which includes fees to the Managers and the legal advisors assisting on the placement, and preparation of a prospectus."*

5.2.7 Dilution

The dilutive effect following the issuance of the Private Placement Shares represents an immediate dilution of approximately 12.68% for existing shareholders who did not participate in the Private Placement.

The net asset value in the Financial Statements on 30 September 2022 was negative USD 15,212,000, which translates to approximately negative USD 0.07 per share outstanding prior to the Private Placement. The Subscription Price in the Private Placement is NOK 2.00.

5.2.8 Interest of Natural and Legal Persons involved in the Private Placement

The Managers have received a success fee of a fixed percentage of the gross proceeds raised in the Private Placement and, as such, have had a direct economic interest in the success of the Private Placement. This fee consisted of a base fee of 6% of the gross proceeds of the Private Placement, amounting to approximately NOK 3.3 million.

Alden AS, an existing shareholder who participated in the Private Placement, lent existing and unencumbered shares already listed on Oslo Børs to the Managers pursuant to the share lending agreement described in section 5.2.4 in order to facilitate a settlement on Tranche 1 and Tranche 2 on a DvP basis.

The Company is not aware of any other interest (including conflict of interests) of any natural and legal persons involved in the Private Placement.

5.3 The Convertible Loan Shares

5.3.1 Overview

The full terms and conditions of the Convertible Loans are set out in Section 5.4.2.

On 21 July 2022 the Company announced an intended convertible loan financing on Oslo Børs following receipt of an offer and pre-commitments from certain existing shareholders. The Company thereafter completed the convertible loan financing in accordance with section 11-2 of the PLCA by resolution of an Extraordinary General Meeting held on 17 August 2022, raising NOK 46,790,000 ("**Convertible Loans**"). The Convertible Loans were registered in the Company Registry on 25 August 2022, with a total nominal value of NOK 15,440,700, corresponding to 15,596,666 Convertible Loan Shares, provided that all Convertible Loans are fully converted into Shares.

The Convertible Loans are repayable after one year from the date of such general meeting, thereby having a maturity date on 17 August 2023.

The Convertible Loans carry interest at the rate of 5% per annum and the Company shall pay the lender the accrued interest on the maturity date on 17 August 2023, irrespective of any earlier conversion of the Convertible Loans into Convertible Loan Shares.

The lenders may claim conversion of all or part of the Convertible Loans into Convertible Loan Shares in the Company by written notice at the earliest on 17 February 2023 and, at the latest, on 17 August 2023; provided, however, that the Company reserves the right to register share capital increases necessary for the issuance of shares upon conversion no more than once every three months (six and nine months after the Extraordinary General Meeting on 17 August 2022 and at the maturity date on 17 August 2023).

The Conversion Price is NOK 3.00 per share, which price was substantially equal to closing market price of the Company's share on 20 July 2022. Assuming a full conversion, a total of NOK 46,789,998 will be raised by the Company.

As the Convertible Loans are convertible within the time periods stated above, the Company is not able to control the timing of any loan conversions and the accompanying issuance of Convertible Loan Shares. No commitments have been made by any lenders as to future conversion.

In connection with the issuance of the Convertible Loans, existing shareholders' preemptive rights to subscribe for convertible loans were deviated from in favor of the lenders. The Board considered it appropriate that the existing shareholders' preferential rigts were waived because of the urgent need of funding at the time. The Conversion Price was set at substantially at market price and was announced on Oslo Børs on 21 July 2022. In the stock exchange announcement on 21 July 2022 the Board also invited other existing shareholders to submit a notification of interest to the extent they were interested in participating in the convertible loan financing, within a stated deadline. Existing shareholders who timely notified the Company of such interest were included in the convertible loan financing.

The following lenders were allocated 5% or more of the Convertible Loans and would, therefore, be able to subscribe for 5% or more of the corresponding Convertible Loan Shares:

Name of investor:	Loan amount:	Number of Convertible Loan Shares:
Robert N. Keith	NOK 15,000,000	5,000,000
Schlytter-Henrichsen AS	NOK 7,000,000	2,333,333
Alden AS	NOK 6,000,000	2,000,000
Tigerstaden AS	NOK 2,500,000	833,333
Ellingsen Lofoten Eiendom AS	NOK 2,500,000	833,333

None of the Company's management, supervisory or administrative bodies were allocated Convertible Loans.

Upon conversion of the Convertible Loans, the Convertible Loan Shares will be registered on the Company's ordinary ISIN NO0010299068 and be admitted to trading on Oslo Børs under ticker symbol "ENSU".

5.3.2 Resolution approving the convertible loans

The issuance of convertible loans were approved by the Company's Extraordinary General Meeting on 17 August 2022 through the following resolution:

The Company resolves to obtain a convertible loan with a total par value of NOK 46,790,000. The loan shall be subscribed for at its nominal value (par value) and may be subscribed for by the lenders stated in Appendix 1, with the part of the convertible loan allocated per lender included next to the name. The Board is given authorization to adjust Appendix 1 if any lender does not subscribe or make the loan payment within the deadlines set out below.

The existing shareholders' preferential rights pursuant to Section 11-4 of the PLCA are deviated from.

The loan shall be subscribed for on a separate subscription form within 22 August 2022.

The payment deadline for the loan (if not already paid) is 22 August 2022 (or such later date as resolved by the Board) to a bank account specified by the Company in writing.

The loan shall carry interest at the rate of 5% per annum and the Company shall pay the lender the accrued interest on the maturity date, as stated in the next paragraph (irrespective of any earlier conversion of the convertible loan).

The loan matures and shall be repaid (unless the loan has been converted into shares) on 17 August 2023.

The lenders may claim conversion of all or part of the loan into shares in the Company by written notice to the Company at earliest six months from the date of this general meeting and, at latest, within 17 August 2023; provided, however, that the Company reserves the right to register share capital increases necessary for the issuance of shares upon conversion no more than once every three months (six and nine months after this extraordinary general meeting and at the maturity date).

The conversion price shall be NOK 3.00 per share. The share contribution shall be settled by set-off of the accounts receivable under the loan.

The subscription rights cannot be separated from the receivable and be used independently thereof.

The convertible loan shall not be assigned by the lenders without the advance written approval by the Company's Board, which shall not be unreasonably withheld.

The lenders shall not have shareholder rights until the loan has been converted into shares in the Company, and the associated share capital increase has been registered in the Norwegian Register of Business Enterprises. If, before the maturity date, the Company decides to increase or decrease the share capital, obtain new borrowing pursuant to section 11-1 of the PLCA, issue subscription rights pursuant to chapter 11 of the PLCA, or by dissolution, merger or demerger, the lenders shall have the same rights as a shareholder (however, the lenders will not have voting rights in regard to the loan until conversion into shares).

Shares issued upon conversion of the loan shall have the right to dividends from the time the share capital increase is registered in the Register of Business Enterprises.

The Company's annual accounts for 2021, with report from the Board and audit statement, are available at the offices of the Company's legal counsel, Advokatfirmaet Ræder AS in Oslo, and are also available at the Company's website www.ensurge.com.

5.3.3 Dilution

Assuming full conversion of the Convertible Loans, the issuance of the Convertible Loan Shares would result in a dilution of existing shareholders in the Company, taking into account the share capital increases in connection with the Private Placement, of up to approximately 6.38%.

The net asset value in the Financial Statements on 30 September 2022 was negative USD 15,212,000, which translates to approximately negative USD 0.062 per share outstanding subsequent to the Private Placement. The Conversion Price for the Convertible Loans is NOK 3.00.

5.3.4 Interest of Natural and Legal Persons involved in the Convertible Loans

The Company is not aware of any interest (including conflict of interests) of any natural and legal persons involved in the Convertible Loans.

5.4 Shareholder's rights relating to the New Shares

The Company has one class of Shares, and all Shares carry equal rights as set out in Section 4-1 (1), first sentence, of the PLCA. The Shares are registered in the VPS and carry the securities identification code ISIN NO 0012450008.

The New Shares are in all respects equal to the existing Shares of the Company.

The Shares are issued in NOK and are quoted and traded in NOK at Oslo Børs.

The rights attached to the New Shares, will be the same as those attached to the Company's existing Shares. The New Shares will be issued electronically and will rank pari passu with existing Shares in all respects from such time as the share capital increase in connection with the issuances of the New Shares are registered in the Company Registry. The holders of the New Shares will be entitled to dividend from the date of registration of the respective share capital increases in the Company Registry. There are no particular restrictions or procedures in relation to the distribution of dividends to shareholders who are resident outside Norway, other than an obligation on part of the Company to deduct withholding tax as further described in Section 13.

Pursuant to the PLCA, all shareholders have equal rights to the Company's profits, in the event of liquidation and to receive dividend, unless all the shareholders approve otherwise. Please see Sections 10 and 11 for more details concerning the rights attached to the Shares and issues regarding shareholding in a Norwegian public limited company.

The New Shares will have the same VPS registrar and the same ISIN number as the Company's other Shares.

The Company's legal entity identifier (LEI) is 5493007QXMCG0WPKFC96.

5.5 Lock-up

No lock-up agreements have been entered into in connection with the Private Placement or the Convertible Loans.

5.6 Expenses

Costs attributable to the Private Placement will be borne by the Company. The costs related to the Private Placement will amount to approximately NOK 4.3 million including fees to the Managers and the legal advisors, as well as Prospectus costs. Thus, the net proceeds to the Company from the Private Placement will be approximately NOK 50.7 million.

The Company expects no material costs related to the potential conversion of the Convertible Loans, and estimates such costs to be lower than NOK 100,000 collectively.

5.7 Advisors

Skandinaviska Enskilda Banken AB (publ), Filipstad Brygge 1, 0252 Oslo, Norway and SpareBank 1 Markets AS, Olav Vs gate 5, 0161 Oslo, Norway have served as financial advisors and joint bookrunners in connection with the Private Placement. Advokatfirmaet Ræder AS, Dronning Eufemias gate 11, P.O. Box 2944 Solli, NO-0230 Oslo, Norway serves as the Company legal adviser and Advokatfirmaet Thommessen, Ruseløkkveien 38, 0251 Oslo, Norway is acting as legal advisor to the Managers in connection with the Private Placement.

Advokatfirmaet Ræder AS, Dronning Eufemias gate 11, P.O. Box 2944 Solli, NO-0230 Oslo, Norway acted as the Company's legal advisor in connection with the Convertible Loans.

5.8 Jurisdiction and choice of law

The New Shares have been and will be issued in accordance with the rules of the PLCA.

This Prospectus shall be governed by and construed in accordance with Norwegian law. Any dispute arising out of, or in connection with, this Prospectus shall be subject to the exclusive jurisdiction of Oslo District Court.

6 THE COMPANY AND ITS BUSINESS

6.1 Principal Activities

Ensurge is focused on becoming a premier provider of solid-state Lithium (Li) microbatteries targeting a combined one-billion-unit plus markets[3] including hearables, wearables and connected sensors. Ensurge believes that its microbattery is the first ultrathin, flexible, reliable, and fundamentally safe solid-state lithium microbattery for the 1 milliampere-hour (mAh) to 100 mAh class of wearable devices, connected sensors, and beyond. Ensurge believes that the Ensurge microbattery will enable product innovations made possible by the unique features provided by it. The Company's state-of-the-art roll-to-roll manufacturing facility, located in the heart of Silicon Valley, at 2581 Junction Avenue, San Jose, California, USA, combines patented process technology and materials innovation with the scalability of proven roll-to-roll production methods to bring the advantages of Ensurge technology to established and expanding markets. Ensurge is in the product development stage and has not yet begun commercial production and revenue. Hence, no sales, inventory, product costs and selling prices data exists. Ensurge has in the last few months sampled its microbattery unit cells to three strategic partners[4] and packaged batteries to two customers[5]. The Company is continuing further product development and expects to ship production units during the first half of 2023.

Energy storage in the form of rechargeable batteries is critical to supporting the product requirements for current hearables, wearables and connected sensors, as well as enabling future capabilities for the next generation of products. These capabilities include higher energy density for higher capacities and/or smaller sizes, faster charging for a better user experience, high pulse discharge to support current and next-generation wireless communications, and customizable and moldable form factors that remove barriers to product innovation, and the packaging to join other modern components in supporting a product's standard assembly processes. Ensurge believes that the older battery technologies such as Lithium-Ion (Li-ion) and Lithium-Polymer (Li-poly) do not meet product requirements, and that a significant need exists for the solid-state lithium battery technology developed by Ensurge.

To address this opportunity, Ensurge is pursuing a two-pronged strategy. First, Ensurge is targeting large and fast-growing billion-unit plus markets. Sales of Ensurge microbatteries will be the primary initial source of revenue for the Company. Second, Ensurge is pursuing strategic partnerships with global leaders in consumer electronics, semiconductor components and batteries. The partnership options include licensing, joint development and manufacturing engagements as well as potential equity investment in Ensurge. The Company is targeting one significant strategic partnership from the four current engagements and this partnership is expected to contribute to the Company's revenue and cash flow over time.

Ensurge launched its solid-state lithium microbattery strategy and product development in January 2020 after exiting the previous printed electronics business in 2019.

6.1.1 Solid-State Lithium Battery technology

The Ensurge microbattery is based on a proven, anode-less, solid-state lithium battery technology. "Solid-state" refers to the solid electrolyte used in the microbattery, which is safer and more reliable than the liquid or gel electrolyte used in a typical lithium-ion or lithium-

[3] "Wearable Technology Forecasts, 2021-2031", IDTechEx, March 2021

[4] https://newsweb.oslobors.no/message/570280, https://newsweb.oslobors.no/message/573033, https://newsweb.oslobors.no/message/573294

[5] https://newsweb.oslobors.no/message/573212, https://newsweb.oslobors.no/message/574063

polymer battery[6]. Solid-state lithium microbatteries have several advantages over competing microbatteries, including 2 to 3 times faster charging and higher cyclability and they support high pulse currents for a range of wireless communication technologies.[7]

Ensurge's microbattery architecture has several important attributes. Ensurge believes that the combination of a 10 micron (μm) stainless steel as the substrate, optimum interfacial engineering at key points in the battery design, and innovative packaging will allow Ensurge's microbattery to deliver up to three (3) times higher volumetric energy density (VED). VED is a measure of energy storage per unit volume – the more that can be created inside the battery through efficient design, the more energy can be stored. Second, Ensurge's microbattery manufacturing process enables customizable rectangular cuboid form factors so customers can specify the length, width and height that best fits their planned product. Third, the Ensurge microbattery can be attached to the circuit board just like semiconductor components simplifying the manufacturing and assembly process for the target product.

Solid-state lithium battery technology has been around for several decades but with limited commercial availability. Multiple companies worldwide have attempted to commercialize the technology for microbatteries but have not been able to deliver capacities over 1mAh[8]. . Ensurge believes that the primary challenge has been achieving the 1 mAh to 100 mAh capacities required by the target applications. This is closely tied with the challenge of achieving the necessary volumetric energy density to match and exceed what the lithium-ion alternatives offer. In addition, Ensurge believes that no company has been able to achieve the manufacturing scale required to support volumes that market demand dictates.

Ensurge believes it can solve these capacity, energy density and scale challenges through an innovative architecture consisting of four key elements.

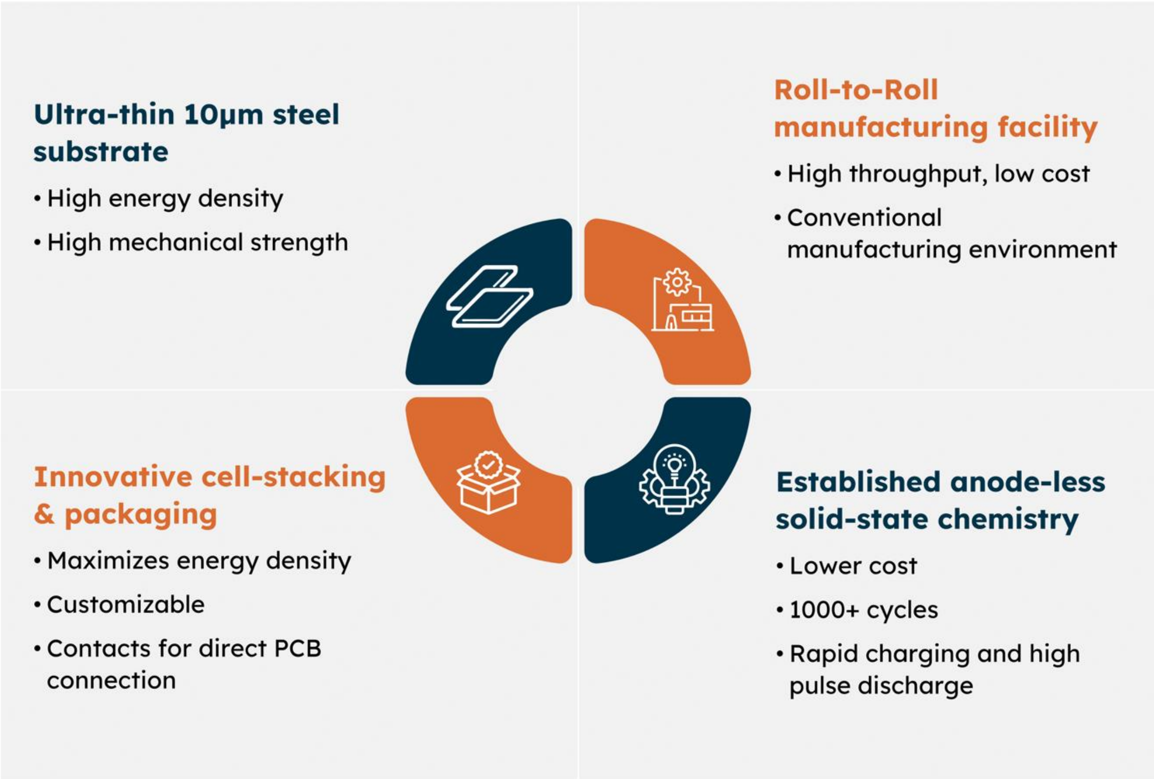
1. Established anode-less solid-state lithium chemistry

[6] "Events with smoke, fire, extreme heat or explosion involving lithium batteries", US Federal Aviation Administration, https://www.faa.gov/hazmat/resources/lithium_batteries/media/Battery_incident_chart.pdf

[7] https://article.murata.com/en-us/article/basic-lithium-ion-battery-4, by Ryoji Kanno Institute Professor (Professor Emeritus), Institute of Innovative Research, Tokyo Institute of Technology, March 2022

[8] Following batteries only provide 10's to 100's μAh (1000μAh=1mAh) https://product.tdk.com/en/products/solid-state-batt/index.html, https://www.ilika.com/micro-solid-state-batteries, https://www.cymbet.com/products/enerchip-solid-state-batteries/

2. Ultrathin 10 µm stainless steel substrate
3. Innovative cell-stacking and packaging
4. Roll-to-Roll manufacturing facility



In order to produce a new generation of safe, thin, and scalable solid-state lithium microbattery products, Ensurge is applying its intellectual property (IP) and know-how in the field of flexible electronics manufacturing on stainless steel substrates and generating new, complementary IP specific to its manufacturing. In April 2020, the Company announced the filing of multiple provisional patent applications directly related to solid-state lithium microbattery devices. In addition to these patents related to manufacturing innovation, Ensurge has also filed patents based on inventions in core battery technology, including solid-state battery materials and cell stack design. These core innovations are the work of Ensurge's technical team, which has been expanded to include expertise and experience with the battery technology, packaging, and manufacturing operations. Ensurge is preparing additional patent filings in new and adjacent areas, expanding its IP portfolio in solid-state microbattery design and manufacturing.

6.1.2 Established Anode-less Solid-State Lithium Chemistry

The Ensurge microbattery is based on an established and proven anode-less solid-state lithium chemistry, which has accelerated engineering development[9]. The anode-less architecture allows Ensurge to use a much simpler manufacturing environment without the need for costly and non-scalable requirements such as zero humidity. Ensurge has innovated within this chemistry with new materials and packaging that deliver high volumetric energy density and other features such as fast charging and high-pulse discharge.

[9] "Solid state batteries inch their way toward commercialization", *Chemical & Engineering News* 20 November 2017, https://cen.acs.org/articles/95/i46/Solid-state-batteries-inch-way.html

6.1.3 Ultrathin 10 µm Stainless Steel Substrate

The Ensurge microbattery's ultra-thin stainless-steel substrate is a significant[10] contributor to volumetric energy density that Ensurge believes is orders of magnitude better than competitive alternatives that use much thicker ceramic and silicon substrates. Stainless steel offers additional benefits as it is a natural conductor and moisture barrier and offers high mechanical strength, further enhancing the Ensurge microbattery's performance and reliability.

6.1.4 Innovative Cell Stacking and Packaging

Ensurge uses precise and efficient semiconductor tools and processes to stack thin unit cells on top of each other to create the ultra-compact stacked and packaged Ensurge microbattery. This approach maximizes the volumetric energy density of the Ensurge microbattery while ensuring high performance, customizable form factors and the ability to provision electrical terminations for direct Printed Circuit Board (PCB) connection[11].

6.1.5 Existing Roll-to-Roll Manufacturing Facility

The Ensurge microbattery is manufactured at Ensurge's own state-of-the-art roll-to-roll production facility located in the Silicon Valley. Roll-to-roll processing is more efficient and scalable, and inherently leads to higher throughput and lower cost within a conventional manufacturing environment. Ensurge is applying many years of experience with roll-based electronics manufacturing to solid-state lithium microbatteries.

6.1.6 Ensurge Microbattery

Ensurge believes that its microbattery will be the first rechargeable solid-state lithium offering to enable the 1 mAh to 100 mAh capacity required for a new generation of form-factor-constrained connected devices including hearables, wearables, and connected sensors. Current alternate solid-state offerings provide battery capacities under 1 mAh, cf. footnote 9, significanly less than battery capacities provided by Li-ion batteries used in the current devices.[12]

With twice the expected volumetric energy density of competitive lithium-ion alternatives, the Ensurge microbattery requires only half the size to delivers the same capacity. This enables designers to add features in an existing footprint or create smaller products.

Form Factor Flexibility

Ensurge microbattery consists of several stacked and packaged unit cells that are cut from a sheet of stainless steel with deposited battery materials. The length and width of the unit cell are customizable. Ensurge can also customize the height by customizing the number of stacked unit cells. Thus, the length, width, and height of the Ensurge microbattery are customizable to meet product requirements. The Ensurge microbattery is rectangular. It is easier to design a product with a rectangular battery versus a Li-ion cylindrical battery.

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[10] Substrates in solid-state batteries add volume but do not contribute to energy. Hence, thinner substrates with lower volume contribution help increase volumetric energy density which is energy divided by total volume.

[11] Packaging adds volume to a battery but does not contribute to its energy. Ultra-compact packaging minimizes the volume added by stacking and packaging thereby increasing the volumetric energy density. Ensurge manufacturing process involves layering battery chemicals on a stainless-steel roll, then cutting the roll into sheets and then cutting the sheets into unit cells. The length and width of these unit cells and hence the length and width of the battery can be customized. Similarly, height of the battery can be customized based on how many unit cells are stacked and packaged to form the battery. Ensurge's microbattery is expected to withstand high temperatures allowing it to be directly attached to a printed circuit board.

[12] https://www.varta-ag.com/en/industry/product-solutions/lithium-ion-button-cells (Ensurge believes that Varta is one of the major suppliers of Lithium Ion microbatteries)

Fast Charge
The Ensurge microbattery is expected to charge up to three (3) times faster than the alternative options such as Li-ion and Li-poly rechargeable batteries[13]. Ensurge believes that faster charging leads to better end-user experience as the they have to wait for less time for their devices to be recharged.

High Pulse Discharge
The Ensurge microbattery supports high current pulses required for various wireless communication technologies. It is able to support current and next generation wireless communication chipsets that have high pulse discharges.

Low Temperature Reflow
A low temperature reflow process simplifies integration of the Ensurge microbattery into product designs using Surface Mount Technology (SMT). Similar to semiconductor IC integration onto PCBs, this process also enables product designs that require assembly at high temperatures, which is not possible with older chemistries such as Li-ion.

The Ensurge microbattery is easy to integrate into existing product designs[14] that may currently be using an alternate battery technology. The charging system for the Ensurge microbattery is much simpler than that used with Li-ion and Li-poly batteries[15], which also require a protection circuit because of their use of unsafe liquid or gel electrolyte and complex charging methodology.

6.2 Target Markets

Ensurge has identified target market segments where current batteries cannot deliver the capabilities that product developers need, including high energy density, thin and compact form factors, faster charging, and high pulse discharge. In general, Ensurge pursues opportunities in established and growing markets where the pace of innovation demands continual improvement in component performance and size reduction.

There have not been any material changes to the Company's regulatory environment since 31 December 2021.

[13] Based upon engineering evaluation and characterization of Ensurge solid-state lithium microbattery samples in its lab. See Footnote 5 for an article that describes the benefits of solid-state Lithium batteries including faster charging.

[14] Several specifications relevant for the product design are similar between the Ensurge microbattery and a typical Li-ion rechargeable battery (see the Varta spec in the footnote 13 below). For example, charge voltage of 4-4.2V, discharge voltage of 3.9V (vs. 3.7V for Li-ion). A product designer can easily modify an existing design to replace Li-ion with the Ensurge microbattery. If anything, Ensurge believes that the Ensurge microbattery will simplify the product design as the charging circuit is simpler. To note, Ensurge microbattery is not a replacement for products in the market being used by consumers. The statement is relative to an existing product design, not existing products.

[15] Li-ion and Li-poly batteries typically use what is called "Constant Current/Constant Voltage" (CC/CV) method. Among the options, a rapid charging option is generally available which is a two-step process with different current and voltage conditions. For an example, see Page 15 of the handbook at https://www.varta-ag.com/fileadmin/varta/industry/downloads/products/lithium-ion-cells/VARTA_CoinPower_tec_handbook_en_geschuetzt.pdf. The charging process requires a power management circuit that involves several semiconductor devices. (See Texas Instruments Li-ion battery charger IC data sheet BQ24230 data sheet, product information and support | TI.com) Solid-state batteries like Ensurge microbattery support constant voltage charging which is simpler and requires just a simple regulator.

6.2.1 Wearable Devices

Ensurge has identified the sports/fitness and medical wearable devices market as targets for its microbattery that have a great synergy with its value propositions including high battery capacity in a small package with high cyclability. According to IDTechEx, the wearable device market is projected to reach $111 billion USD by 2030 with a CAGR of 7.5%[16]. The Company sees an ideal fit for its microbattery in growth product segments including electronic skin patches, smart wristwear, smart rings and smart textiles/footwear where a high value is placed on fast charge times, high volumetric energy density, small package size, form factor flexibility and high cyclability.

Ensurge recently shipped microbattery unit-cell samples to a wearable device innovator as the first step toward taking a customized solid-state microbattery into full production for this customer. Ensurge also has an agreement with a consumer products company focused on wearables. Ensurge has a pipeline of almost twenty (20) additional potential customers focused on wearables.

According to Dr. Xiaoxi He of industry analyst firm IDTechEx, "batteries are the main bottleneck of wearables." She states that current battery options are "bulky, heavy, rigid" and suffer from low energy storage capacity despite their large volumes.[17] Ensurge believes that its safe, robust, thin microbattery products are well positioned to address the key requirements of the wearables and medical wearables industry.

6.2.2 Hearable Devices

The hearable device market including hearing aids, True Wireless Stereo (TWS) headphones and other headsets represents a stable and large target market for Ensurge's microbatteries. Hearable products need small batteries with high capacities to support longer operating times and more features. In addition to safety, fast charge times and high energy density, one of the most important benefits of Ensurge's microbatteries is the form factor customization that designers can leverage to develop more comfortable, form-fitting hearable product for consumers. The hearable devices market is valued at $58.2 billion USD in 2030 per IDTechEx[18] with hearing aids and TWS headphones comprising over 85% of the market.

Ensurge has agreements with two (2) hearing aid OEMs who the Company believes to be among the top five (5) hearing aid suppliers, based on annual units shipped. In October 2022, it shipped its first packaged battery samples to one of the two hearing aid OEMs, enabling the OEM to evaluate the principal elements of Ensurge's technology including the performance of energy-producing cells and the ultra-compact stacking and packaging technology used to create production batteries.

6.2.3 Connected Sensors

An emerging market for Ensurge's microbatteries is the connected sensors especially[19] when these devices are combined with solar, electrodynamic piezoelectric thermal and other energy-

[16] "Wearable Technology Forecasts, 2021-2031", IDTechEx, March 2021

[17] "Flexible, Printed and Thin Film Batteries 2019-2029: Technologies, Markets and Players", IDTechEx, October 2018

[18] "Wearable Technology Forecasts, 202-2031", IDTechEx, March 2021

[19] Typical connected sensor uses primary batteries for two reasons. One, they need to be operational 24/7 so cannot be stopped for recharging. Second, it is impractical many times to uninstall and retrieve them, recharge and re-install. A rechargeable battery like Ensurge microbattery can be used if the connected sensor also uses energy harvesting which uses one of many methods to constantly charge the battery. Connected sensors typically need to

harvesting technologies. Energy-harvesting solutions are used to charge the microbatteries, enabling a long-lasting, energy-efficient and climate-friendly connected-sensor solution. IDTechEx reports that by 2030, the size of the energy-harvesting connected sensor market will reach $1.55 billion USD with a CAGR of 11.5%[20]. Ensurge's solid-state lithium microbatteries minimize the required battery material, making them environmentally friendly while enabling them to be appropriately sized for the mission or operating profile of the electronics as developers work within the energy-harvesting specifications for optimized operation. Secondly, connected sensors operate in harsh environments and Ensurge microbattery is expected to maintain capacity over a wide temperature range[21] even in demanding applications.[22,23] Ensurge believes that Ensurge microbattery will deliver longer shelf life than Li-ion coin cell batteries because of its significantly lower leakage.

6.3 Competitive Position

The primary battery technologies currently used in Ensurge's target markets are Lithium-Ion (Li-ion) followed by Lithium Polymer (Li-poly). Both take a long time to charge, support only relatively low pulse discharge, and are generally not able to support wide operating temperature range or surface mount technology for attaching to circuit boards[24].

Ensurge believes its microbattery, on the other hand, will solve all these challenges and will in many cases be one of the top choices for meeting energy density and faster charging requirements. The belief is that Ensurge's microbattery will also enable products that are simply not possible to create using Li-ion and Li-poly batteries, because its safe solid electrolyte, unique stacking and packaging technology, and ability to operate over a wide temperature range introduces opportunities for innovative new customize and moldable end-product form factors.

Ensurge believes that other solid-state lithium battery alternatives have failed to achieve capacities of more than a few hundred µAh (100 µAh = 0.1 mAh) limiting their volumetric energy densities to well below what is offered by the Li-ion batteries[25]. Their ceramic and silicon substrates are 100s of microns (µm) thick with a single cell in a large package that consumes valuable space that could otherwise be allocated to energy storage. The resulting low capacity and energy density limit them to a narrow set of applications.

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operate for years and hence need a high capacity primary battery which is discarded when fully discharged. This negatively impacts the environment and is also a wastage. A rechargeable battery can be much smaller in capacity and can potentially last for much longer and hence is more climate friendly.

[20] "Energy Harvesting for Electronic Devices 2020-2040", IDTechEx, March 2021

[21] Typical operating range of a Lithium Ion battery is 0-45°C (see page 17 of https://www.varta-ag.com/fileadmin/varta/industry/downloads/products/lithium-ion-cells/VARTA_CoinPower_tec_handbook_en_geschuetzt.pdf). Ensurge believes its microbattery will support temperatures from -20°C to 80°C and possibly higher. That is what Ensurge means by "wide temperature range."

[22] "Solid-State and Polymer Batteries 2021-2031: Technology, Forecasts, Players", page 183, IDTechEx, June 2021

[23] "Temperature Effect and Thermal Impact in lithium-ion Batteries: A Review", Progress in Natural Science: Materials International Vol. 28, Issue 6 (Temperature effect and thermal impact in lithium-ion batteries_ A review | Elsevier Enhanced Reader)

[24] "Temperature Effect and Thermal Impact in lithium-ion Batteries: A Review", Progress in Natural Science: Materials International Vol. 28, Issue 6 (Temperature effect and thermal impact in lithium-ion batteries_ A review | Elsevier Enhanced Reader)

[25] Product webpages of solid-state microbattery suppliers with capacities under 1 mAh: Search Result | Solid-State Batteries - SMD Solid-State Batteries | TDK Product Center, EnerChip™ Solid State Batteries - Cymbet, Micro Batteries – I-TEN (iten.com), Solid State Batteries for Healthcare | Ilika

In contrast, Ensurge believes its solid-state lithium microbatteries from Ensurge offer superior performance at a premium price point. Its differentiators include high VED in a low profile and customizable, compact form factor that gives designers the freedom to develop their products that offer the best fit for the application. Ensurge believes that Ensurge's microbattery lowers the total solution cost, provides enhanced value to OEMs who use it in their end-products, and delivers an enhanced user experience through faster recharge times and ergonomically better-fitting products than is possible with alternative battery options.

6.4 Manufacturing Strategy

To manufacture Ensurge microbatteries and scale volume production, the Company utilizes its own roll-to-roll manufacturing facility located at 2581 Junction Avenue, San Jose, California, USA.

The Company believes the use of a stainless-steel substrate results in microbatteries that are thinner, more robust, and more scalable than competing devices built on silicon, or ceramic. Stainless-steel substrates are made from abundant, inexpensive materials and can be encapsulated with proven metal diffusion barrier materials to support device fabrication with high-temperature processes that simplify manufacturing while also helping to increase energy density. To support the most demanding end-product form factors, the stainless-steel can also be cut into various lengths and widths. The flexibility of stainless-steel enables roll-based production and its durability can improve product reliability by virtually eliminating failures due to substrate cracking.

Ensurge's San Jose clean room occupies approximately 20,000 square feet of its headquarters facility and can be expanded if required. At present, the Company estimates that the factory has installed capacity to manufacture 10s of millions of mAh-class cells on an annual basis. Management believes this current capacity is sufficient to support the Company's business plan well beyond the point of cashflow breakeven. As warranted by future demand, the factory is capable of further expansion to significantly increase capacity with modest capital expenditures.

Ensurge built strong momentum in the last few months as it achieved important commercialization milestones, including the delivery of packaged battery samples to two (2) customers and unit-cell battery samples to three strategic partners. The two (2) customers are consumer device companies with signed agreements and includes a hearables company who Ensurge believes to be one of the top five in the hearing aid market based on annual units shipped, and a digital health innovator who the Company believes has plans to enter volume production with the Ensurge microbattery in 2023. The three (3) strategic partners include a consumer electronics and communications company who the Company believes to be a leader in their market, and two (2) battery manufacturers who the Company believes to be in the top tier of the battery market. In addition, Ensurge is in discussions with a global ICT corporation for a total of four (4) strategic engagements with more companies in the pipeline. The partnership options include licensing, joint development and manufacturing as well as potential equity investment in Ensurge. The Company is targeting one significant strategic partnership including a long-term, funded technology development agreement that is expected to contribute to the Company's revenue and cash flow starting in 2023.

Moving forward, Ensurge is focused on ramping up customer sampling, securing more design wins, building its revenue pipeline and supporting that pipeline with manufacturing operations as it prepares for commercial production and revenue in 2023. At the same time, the Company remains focused on engagements with strategic partners with a goal to sign at least one strategic partnership agreement which provides substantial funding starting in Q1 2023.

6.5 Intellectual Property Rights (IPR)

The Company maintains a substantial patent portfolio to protect the essential technologies of the Company and to ensure that competitors are sufficiently prevented from utilizing or developing technology that would threaten the Company's commercial assets and market position. The portfolio consists partly of granted patents and partly of pending patent applications. Pending patent applications may be subject to amendments before being granted, or may, in worst case, not be granted.

6.5.1 Intellectual property portfolio

Ensurge has an intellectual property portfolio encompassing registered and pending patents as well as extensive know-how related to key manufacturing processes relevant to solid-state lithium microbattery production and assembly. Patents are registered or pending in several countries and regions, in most cases including the US, Japan, UK and the EU. Certain patents are also registered in Korea, China, and other jurisdictions. All patents are in the name of the Company.

Ensurge's existing portfolio of Intellectual Property contains multiple patent families and related trade secrets and know-how that help enable the production of advanced, differentiated energy storage products on stainless steel substrates. Such key intellectual property includes:

- Barrier materials and methods of depositing the same
- Processing on sheet- and/or roll-based steel substrates
- Solid-state lithium battery materials and manufacturing processes
- Stacking and packaging methods for the microbattery production

In April 2020, Ensurge disclosed the filing of multiple provisional patent applications related to the Company's work in developing solid-state lithium battery products on stainless steel substrates. Specifically, the patent filings represent key Ensurge intellectual property related to the encapsulation, assembly, and stacking of Ensurge microbatteries based on stainless steel substrates.

In May 2022, Ensurge disclosed the filing of multiple provisional patent applications related to its solid-state lithium battery technology representing innovations addressing the industry's most difficult engineering and manufacturing challenges including dense cell architecture, ultrathin packaging and assembly integration.

As of the date of this Prospectus, the Company is actively developing further Intellectual Property related to solid-state lithium battery design and manufacturing.

6.6 Material Contracts Outside the Ordinary Course of Business

On 7 November 2022, the Company announced consolidation and re-amortization of the Master Lease Agreement and three amendments with Utica Leaseco, LLC ("Utica"). As of 7 November 2022, Ensurge had secured funding for the full amount of $7,497,907.89. The financing under the Master Lease Agreement with Utica established four-year term loan. Interest-only monthly payments were due for the first six months, and thereafter a four-year amortization period during which monthly principal and interest payments are due. In connection with the new arrangement, the Company has pledged additional collateral to secure the amended payment terms. In addition to the existing collateral pledge, which includes the roll-to-roll production line equipment and certain sheet-line tools, Ensurge has pledged all remaining unsecured equipment located in the San Jose, California facility. Further, Utica has taken a first security position in certain of Ensurge's intellectual property. Ensurge is using the proceeds from the loans as well as the short term cash savings resulting from the renegotiation of payment terms for working capital to fund ongoing operations and to support its execution of strategic initiatives.

During the last two years and up until the date of this Prospectus, neither Ensurge nor any Group company has entered into any other material contracts outside of the ordinary course of business. The Company or any Group company has not entered into any other contract which contains a provision under which any member of the Group has any obligation or entitlement which is material to the Group as of the date of the Prospectus.

6.7 Regulatory disclosures

In addition to annual and interim reports, and associated announcements, the Company has made the following public disclosures pursuant to the requirements of the Norwegian Securities Trading Act over the last 12 months that are relevant as of the date of this Prospectus:

Capitalization issues and other corporate actions

Date	Title	Desciption
27 January 2022	Ensurge Micropower ASA: Subscription Rights Exercise	Announcement that the Board had resolved to issue in total 1,050,050 shares at a subscription price of NOK 0.33 per share to a former employee who had exercised incentive subscription rights granted under the 2020 subscription rights incentive plan.
3 February 2022	Ensurge Micropower Asa: Private Placement Successfully Placed	Announcement that the Company, on 2 February 2022, carried out a private placement of 125,561,401 new shares, in a first tranche, and 41,105,265 new shares, in a second tranche. Total proceeds for both tranches was announced to be approximately NOK 100 million. The Company further announced that the shares would be settled with existing and unencumbered shares in the Company that were already listed on Oslo Stock Exchange, pursuant to a share lending agreement between Alden AS, Pareto Securities AS and the Company, in order to facilitate delivery of listed shares to the applicants. It was further announced that, subject to approval by the Company's extraordinary general meeting, that each subscriber in the private placement would receive two non-tradeable warrants for

		every two shares subscribed for in the private placement.
24 February 2022	ENSU - Extraordinary General Meeting Held	Announcement that an extraordinary general meeting in the Company had been held on 24 February 2022, and that all proposed resolutions had been approved by the shareholders. The approved resolutions related to, inter alia, the approval of the second tranche in the private placement, placed on 2 February 2022, the issuance of warrants, and a 9:1 reverse share split in the Company.
8 March 2022	Ensurge Micropower ASA - Issuance of Shares in connection with Share Consolidation	Announcement that the Board had issued 4 new shares in order to make the total number of shares in the Company dividable by 9, in order to complete the reverse share split approved by the extraordinary general meeting held on 24 February 2022.
8 March 2022	ENSU – Updated Key information relating to reverse share split and change of ISIN	Announcement regarding the updated key information for the reverse share split and the change of ISIN for the Company's share. The new ISIN was announced to be NO0012450008, and the date of the ISIN change was announced to be on 16 March 2022.
16 March 2022	Ensu - Ex. reverse Share Split Today	Announcement that the reverse share split, approved by the extraordinary general meeting held on 24 February 2022, entered into effect on 16 March 2022.
25 May 2022	Ensurge Micropower ASA - 2022 Annual General Meeting Held	Announcement that the Company's annual general meeting had been held on 25 May 2022, whereby Mark Newman and Victoire de Margerie were elected as new board members in the Company.
13 June 2022	Ensurge Micropower ASA: Subscription Rights Exercise - 13 June 2022	Announcement that the Board had resolved to issue in total 621,324 shares, each with an exercise price of NOK 1.35, to a former board member who had exercised incentive subscription rights granted by the extraordinary general meeting held on 19 August 2020.
25 July 2022	Ensurge Micropower ASA: Financing	Announcement that the Company had secured funding totaling NOK 57 million, divided through commitments to subscribe for convertible loans and new shares in a private placement. Further it was announced that the private placement had been completed by way of Board approval,

		pursuant to an authorization from the annual general meeting held on 25 May 2022, and that the convertible loan financing would be subject to approval by the Company's extraordinary general meeting.
27 July 2022	Ensurge Micropower ASA: Financing	Announcement that the information provided on 25 July 2022, relating to commitments to subscribe for a convertible loan, and a private placement, respectively, had been incorrect relating to one participant. It was further announced that the Board had resolved to issue a total of 600,000 shares in a private placement to the participant, each with a subscription price of NOK 3.00, utilizing the Board authorization from the annual general meeting held on 25 May 2022.
17 August 2022	ENSU - Extraordinary General Meeting Held | Obtainment of Convertible Loan Financing	Announcement that an extraordinary general meeting had been held on 17 August 2022, and that all proposed resolutions were approved, including the resolution to obtain the Convertible Loan with a total par value of NOK 46,790,000. Further, it was announced that the Convertible Loan could be claimed converted into shares by the lenders, at a conversion price of NOK 3.00 per share at the earliest six months, and at the latest one year, from the date of the extraordinary general meeting.
26 August 2022	Ensurge appoints Tarun Anand as the Acting Chief Financial Officer	Announcement that Tarun Anand had been appointed as Acting Chief Financial Officer of the Company, replacing Dave Williamson in the position.
8 November 2022	Ensurge Micropower ASA: Private placement successfully completed	Announcement that the Company, on 8 November 2022, carried out a private placement, raising gross proceeds of NOK 55 million. The private placement was divided into two tranches; a first tranche consisting of 18,256,183 shares, issued pursuant to an authorization from the 25 May 2022 annual general meeting, and a second tranche consisting of 9,243,817 shares, subject to approval by an extraordinary general meeting, scheduled to take place on or about 30 November 2022, the issuance of which were subject to approval and publication of a prospectus.

		The Company further announced that the shares would be settled with existing and unencumbered shares in the Company that were already listed on Oslo Stock Exchange, pursuant to a share lending agreement between Alden AS, Skandinaviska Enskilda Banken AB (publ) and SpareBank 1 Markets AS, and the Company, in order to facilitate delivery of listed shares to the applicants. Further it was announced that the Board would propose that a subsequent offering was carried out, raising up to NOK 15 million, at a subscription price per share equal to that in the private placement, and that the subscription period was expected to commence after publication of a prospectus.
8 November 2022	Ensurge Micropower ASA - Key information relating to potential repair issue/subsequent offering - CORRECTED	Announcement on the key information relating to the potential subsequent offering in the Company, including relevant dates, such as ex-date, expected date of approval, maximum number of new shares and subscription price. Further it was announced that the subsequent offering would be carried out as set out in an offering prospectus to be approved by the Norwegian Financial Supervisory Authority.
1 December 2022	Ensurge Micropower ASA - Extraordinary General Meeting Held	Announcement that an Extraordinary General Meeting had been held in the Company on 1 December 2022. It was announced that all resolutions had been approved by the shareholders, including the share capital increase related to Tranche 2 of the Private Placement.
7 December 2022	Ensurge Micropower ASA - Cancellation of Subsequent Offering	Announcement that the Board had resolved to cancel the potential subsequent offering in the Company, due to the Company's Shares being traded with a price and volume which had enabled eligible shareholders to reduce the dilutive effect of the Private Placement by trading in the Company's Shares.

Inside information

Date	Title	Desciption

19 January 2022	Mandate Announcement and Trading Update	Announcement that the Company had retained Pareto Securities AS to assist and advise on a potential private placement of shares, such potential placement announced to be carried out to expand the Company's manufacturing capabilities and to expand its presence in evolving markets.
19 January 2022	Ensurge enters the fast-growing digital health market through a major customer agreement	Announcement that Ensurge had signed a customer agreement with a leader and innovator in the digital health market, and that Ensurge would, under such agreement, deliver customized Ensurge solid-state microbatteries for production starting in Q4 of 2022, for which Ensurge would receive milestone-based payments for the customization.
2 February 2022	Customer Agreement with a Fortune 500 Industrial Company	Announcement that Ensurge had signed a customer agreement with a Fortune 500 industrial company, active in manufacturing capital equipment. Further it was announced that Ensurge, under the agreement, would deliver its solid-state microbatteries optimized for the customer's application, and that Ensurge expected initial payment under the agreement in the near future.
6 May 2022	Ensurge Micropower - Solid Progress Towards Delivering Customer Samples	Announcement that Ensurge had achieved two of the three critical components which must be met to ship customer samples, and that the Company was in the process of completing the third one, and that, Ensurge had identified a solution for the remaining requirement to consistently meet the initial taget cycling performance. The identified solution was announced to be undergoing cycle-life testing.
23 May 2022	Ensurge Micropower Files for Multiple Patents for its Solid State Lithium Microbattery Technology	Announcement that Ensurge had filed several patent applications for its solid-state lithium battery technology, such proprietary technology announced to enable 1-100 milliampere-hour (mAh) rechargeable microbattery products.
21 July 2022	Ensurge Micropower - Samples and Strategic Partner Update	The Company announced, with reference to the stock exchange announcement made on 6 May 2022, that Ensurge had achieved a key requirement to enable consistent cycling. Further it was announced that Ensurge was in the final stages of completing an engineered solution enabling

		shipment of samples, and that manufacturing of samples was expected to occur during the first half of August 2022.
11 August 2022	Ensurge Engaged with Multiple Strategic Partners - Interfacial engineering breakthroughs address key issues enabling samples	Announcement that Ensurge had engaged with multiple multinational corporations as strategic partners, and that Ensurge was actively working on providing its microbattery unit cells to these partners for their evaluation. It was further announced that Ensurge expected the partnership discussions to proceed further once evaluation of Ensurge's microbattery unit cells had been completed.
25 August 2022	Ensurge Signs Agreement with First Strategic Partner	Announcement that Ensurge had signed its first agreement with a strategic partner, as an initial step in an engament between the two. The partner was announced to be a large multinational consumer devices leader, who would evaluate Ensurge's samples, such samples announced to be expected shipped within a week's time.
1 September 2022	Ensurge Ships Microbattery Unit Cell Samples to First Strategic Partner	Announcement that Ensurge had shipped its first rechargeable solid-state lithium microbattery unit cell samples to one potential strategic partner with whom the Company was in discussions. It was further announced that the samples shipped related to the partnership announced on 25 August 2022.
13 October 2022	Ensurge Ships Unit-Cell Samples of its Solid-State Lithium Microbattery to Second Strategic Partner	Announcement that Ensurge had shipped its rechargeable solid-state lithium microbattery unit cells to a second strategic partner, announced to be a first step in a potential engament with partner, a global leader in battery products, as well as a component maker.
17 October 2022	Ensurge Delivers Unit-Cell Microbattery Samples to Lead Production Customer	Announcement that Ensurge had shipped its rechargeable solid-state lithium microbattery unit cells to a leader and innovator in the digital health market, also referencing the stock exchange announcement made on 19 January 2022, relating to the partnership with such production customer.
18 October 2022	Ensurge Signs and Executes Agreement to Ship Unit-Cell Samples to a Leading Global Battery Supplier	Announcement that Ensurge had shipped its rechargeable solid-state lithium microbattery unit cells to a partner with whom Ensurge had signed a mutually beneficial evaluation agreement,

		announced to also be the first step in a potential engagement with the global leader in battery products and technologies.
27 October 2022	Ensurge Ships Packaged Battery Samples to Hearables Market Leader	Announcement that Ensurge had solved key challenges related to manufacturing packaged rechargeable batteries, and also that customer sampling had begun. Ensurge further announced that it had shipped the first packaged battery samples for delivery to a leading manufacturer in the hearables market.
21 December 2022	Ensurge Receives First Order for its Production Solid-State Lithium Microbatteries	Announcement that Ensurge had received a production order for 150,000 units of its rechargeable 1-100 (mAh) solid-state lithium microbattery. Further it was announced that Ensurge expected additional orders in 2023 from the customer, who was announced to be an innovator in the digital health market.

Further, in the period from 15 November 2021 and up to the date of the Prospectus, one announcement has been issued by Ensurge in relation to changes in shareholdings by primary insiders, and six announcements on behalf of large shareholders in respect to transactions in the share causing a statutory threshold to be reached or passed by such shareholders.

7 BOARD OF DIRECTORS, MANAGEMENT AND EMPLOYEES

7.1 Board of Directors and management, other corporate committees

7.1.1 Board of Directors

The Company's Articles of Association provide that the number of directors shall be between three (3) and nine (9) members, as decided by the Company's general meeting.

At the general meeting of shareholders, the Board members are normally elected to serve for a term of one or two years from the time of election. There are presently four (3) Board members including the Chair. Morten Opstad (Chair), and members of the Board of Directors Mark C. Newman and Victoire de Margerie. Morten Opstad was re-elected for a new term at the Annual General Meeting in 2021, and both Mark C. Newman and Victoire de Margerie were elected as board members for a two-year term at the Annual General Meeting in 2022.

Morten Opstad, Chair

Mr. Opstad has served as Chair of the Board in Ensurge since 2 October 2006. He is a partner in the lawfirm Advokatfirmaet Ræder AS in Oslo. He has rendered legal assistance with respect to establishing and organizing several technology and innovation companies within this line of business. He is also Chair of the board in IDEX Biometrics ASA, a publicly listed technology company. His directorships over the last five years include current board positions in Nikki AS (Chair), Marc O Polo Norge AS (Chair), Dobber Corporation AS (Chair), K-Konsult AS (Chair), Bikeloop AS (Chair), Forenede Industrier Finans AS (Board member), Hammerfestgaten 1 AS (deputy), and Chaos Capital AS (deputy). He previously served as Chair of the board of directors in Cxense ASA and Advokatfirmaet Ræder AS, in addition to previous directorships in Fileflow Technologies AS, Solli Consultants I AS and A.Sundvall ASA. Mr. Opstad has a legal degree (Cand.Jur.) from the University of Oslo from 1979. He was admitted to the Norwegian Bar Association in 1986. Mr. Opstad is a Norwegian citizen and maintains a business address at Dronning Eufemias gate 11, NO-0191 Oslo, Norway.

Victoire de Margerie, Board member

Prof. de Margerie has served on the Board of Ensurge since 25 May 2022. She has spent 35 years in the Materials Industry in Canada, France, Germany, the United Kingdom and the United States, first as an Executive, and since 1999 also as a board director. Prof. de Margerie currently holds board member positions in Arkema (France, since 2012), Eurazeo (France, since 2012) and Ivanhoe Electric (USA, since 2022). She has previously held board positions in Babcock International (UK), Italcementi (Italy), Morgan Ceramics (UK), Outokumpu (Finland) and Norsk Hydro (Norway). Since 2012 Prof. de Margerie has been the Executive Chairperson/Main Shareholder of Rondol Industrie, a deep technology startup that develops extrusion machinery for drug formulations and other high tech applications, and since 2015 she has been Founder and Vice Chairman of the World Materials Forum. Prof. de Margerie also joined the board and investment committee of the private equity fund Eurazeo in 2012, was elected an Academician at the National Academy of Technologies of France in 2019 and joined the board of Mines ParisTech in 2021. Prof. de Margerie graduated from HEC Paris and Sciences Po Paris and she holds a à Jurist Degree and a PhD in Management Science from Université de Paris 2, Pantheon Assas. She is a French citizen, maintains a business address at Campus ARTEM, 2 allée André Guinier, FR-54000 Nancy, and resides in France.

Mark C. Newman, Board member
Mark Newman has served on the Board of Ensurge since 25 May 2022. He is founder and CEO of Electric Revolution Ventures, and is a renowned expert, advisor and investor in batteries, semiconductors and electric vehicles. Mr. Newman was the top ranked analyst and lead author of Bernstein's all time most read research globally, "Electric Revolution" and "Battery Bible" and is a frequent speaker and commentator on these topics. Mr. Newman was seed investor and until recently Chief Commercial Officer and Head of Strategy at fast-charge battery pioneers, Nyobolt, and Mr. Newman continues to help Nyobolt ramp up as current senior advisor and Director of Strategy of Nyobolt. He is an active investor in several other start-ups and advisor to Ivanhoe Capital Acquisition and SES.ai, that recently combined (now SES.ai) and listed on the NYSE. Mr. Newman is currently an advisor for Oxford Science Enterprises (OSE) and serves on the board of the Faraday Institution (the UK's flagship battery research program).

Mr. Newman previously spent over a decade as Managing Director and Senior Analyst covering technology at Bernstein, where he spearheaded the Electric Revolution thematic research covering batteries, semiconductors and the entire electric vehicle value chain. Prior to Bernstein, he worked at Samsung in Korea, where he led several strategic initiatives, venture investments and acquisitions. He also worked at Applied Materials in California, supporting the world's leading semiconductor manufacturing companies in the United States, Europe and Asia. Mr. Newman was in addition formerly on the board of directors of EnergyBox. Mr. Newman holds a Master's in Chemical Engineering from University College London, and an MBA from Harvard Business School. He is a British citizen, maintains a business address at Hong Kong Parkview Tower 5, Apt 1039, 88 Tai Tam Reservoir Road, Hong Kong, and resides in Hongkong.

The composition of the Board complies with Oslo Børs' terms of listing and the applicable independency requirements. The Board also meets the statutory gender requirements.

7.1.2 Management

Kevin Barber, Managing Director (CEO)
Mr. Barber has served as the Managing Director (CEO) since 26 November 2018. He is responsible for driving strategic growth, product innovation and manufacturing operations while increasing market penetration and identifying new business opportunities. Prior to joining Ensurge, from January 2011 through November 2018, Mr. Barber was Senior Vice President and General Manager; Corporate officer at Synaptics, where he drove the strategy, business development, M&A, growing revenue fourfold to more than 1 billion USD annually. Previously, Mr. Barber was CEO of ACCO Semiconductor, a venture capital funded startup. Prior to ACCO, he 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. Before joining Skyworks, Mr. Barber served as Senior Vice President, Operations at Conexant, where he led strategic efforts of global manufacturing scale, technology development, and supply chain management, enabling Conexant to become a leader in diverse markets. His directorships over the last five years include a current board position in Intevac (director/member of audit committee and chairman of compensation committee). Mr. Barber holds a Bachelor of Science degree in Electrical Engineering from San Diego State University and a Master's degree in Business Administration from Pepperdine University. Mr. Barber is a US citizen and maintains a business address at 2581 Junction Avenue, San Jose, California 95134, USA.

Tarun Anand, Acting Chief Financial Officer (CFO)

Mr. Anand has served as the Acting Chief Financial Officer of Ensurge since 1st August 2022. He is responsible for WW Finance and Accounting function. Prior to joining Ensurge, from November 2021 through August 2022, Mr. Anand was Chief Financial Officer (CFO) at NGD Systems, where he was responsible for capital structure, magin improvement and, exit strategy in addition to financial reporting. Prior to NGD Systems, from March 2020 through September 2021, Mr. Anand was Head of Finance and Administration at NextInput, which got acquired by Qorvo. Before joining NextInput, Mr. Anand led the WW Finance and Administration from August 2017 to November 2019 at Atonarp, where he successfully ramped the company from pre-revenue to mass-production. He has more than twenty years' experience in finance leadership at both established corporations such as Hewlett Packard and Thermo Fisher, as well as several pre-IPO start-up firms. He brings both depth and breadth in financial planning and accounting. Mr. Anand holds a Bachelor of Mechanical Engineering degree from the Delhi University, and an MBA in Finance from Rice University. Mr. Anand is a US citizen and maintains a business address at 2581 Junction Avenue, San Jose, California 95134, USA.

Dr. Arvind Kamath, EVP Technology Development

Dr. Kamath joined Ensurge in January 2014 from Kovio Inc. in San Jose where he served as Senior 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 teams that built a global ecosystem to enable this. At Kovio his primary responsibility was in leading materials, process and integration of a revolutionary silicon ink based printed electronics platform from initial feasibility to qualified product and yield. Prior to Kovio, Dr. Kamath worked at LSI Logic R&D, Santa Clara in various managerial and individual contributor roles. This spanned process engineering, group management, R&D operations and 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 at Austin. Dr. Kamath is a US citizen, and maintains a business address at 2581 Junction Avenue San Jose, CA 95134, USA.

7.2 Conflicts of Interest

The Chairman of the Board, Morten Opstad, is a partner in the Norwegian lawfirm Advokatfirmaet Ræder AS, which in the past has rendered and currently renders legal services for Ensurge. Mr. Opstad and the Board are attentive to the fact that this, arguably, could represent a potential conflict of interest and monitor the situation closely to ensure that no conflict of interest materializes. No commitment has been made by the Board in relation to the use of Advokatfirmaet Ræder AS for future legal services and the Board selects the Company's professional advisors with the Company's best interests as the overriding priority. The legal services rendered by Advokatfirmaet Ræder AS are to a large degree performed by other lawyers than Mr. Opstad. Mr. Opstad will abstain from voting on any Board matters concerning the Company's affiliation with Advokatfirmaet Ræder AS.

The Company has had 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. Under this agreement, Morten Opstad receives an annual fee of NOK 550,000 plus VAT for such executive services.

The 2022 Annual General Meeting resolved to approve the nomination committee's proposal of board remuneration from the date of the 2022 Annual General Meeting to the 2023 Annual General Meeting, including an additional fee to Mr. Opstad for serving as Chair of the Board.

Members of the Board and management hold a number of Shares and/or incentive subscription rights in the Company. The following table sets forth the number of such equity instruments held or controlled by the members of the Board and management as at the date of this Prospectus. The numbers include rights held or controlled by the respective persons' close associates, as that term is defined in the Norwegian Securities Trading Act.

Name/position	**Shares**	**ADRs**	**Incentive Rights**	**Subscription**
Morten Opstad, Chairman	864,516	-	1,242,650	
Mark Newman, Board member	-	-	1,000,000	
Victoire de Margerie, Board member	-	-	1,000,000	
Kevin Barber, CEO	303,030	-	7,811,014	
Tarun Anand, Acting CFO	-	-	650,000	
Arvind Kamath, EVP Technology Development	-	-	2,898,106	

Other than the foregoing, and to the best of the Company's knowledge, there are no potential conflicts of interests between any duties to the Company and private interest or other duties of the members of the Board or management. There are no family relationships among the directors, management or key employees.

There is no arrangement or understanding in existence with major shareholders, customers, suppliers or others, pursuant to which members of the Board or management were selected for their respective positions.

7.3 Convictions for fraudulent offences, bankruptcy, etc.

None of the members of the Company's Board or management have during the last five years preceding the date of this Prospectus:

- Any convictions in relation to indictable offences or convictions in relation to fraudulent offences;
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his or her capacity as a founder, director or senior manager of a company.

8 FINANCIAL INFORMATION

8.1 Overview and basis of presentation

The financial information has been extracted from the Group's audited consolidated financial statements as of and for the year ended 31 December 2021 (the "**Financial Statements**"), and the unaudited consolidated statements as of and for the nine months' periods ending on 30 September 2022 (the "**Interim Financial Statements",** together referred to as the "**Financial Information**"). The Financial Information is incorporated herein by reference (see Section 14.5 "*Incorporation by reference*").

Financial Statements

Profit and Loss	First Nine Months	First Nine Months	Full Year
Amounts in USD (1,000)	2022	2021	2021
Total revenue	-	-	-
Gross Margin	-	-	-
Loss before interest, tax, depreciation (EBITA)	(16 042)	(25 095)	(30 963)
Net loss for the period	(16 042)	(25 095)	(30 995)
Loss per share, basic and diluted (USD)	(0,08)	(0,17)	(0,16)
Amounts in USD (1,000)	30.sep.22	30.sep.21	31.des.21
Total Assets	8 791	16 462	10 374
Total Equity	(15 212)	(8 880)	(13 481)
Net financial debt	24 003	25 342	23 855

Cash flow	First Nine Months	First Nine Months	Full Year
Amounts in USD (1,000)	2022	2021	2021
Net cash flows from operating activities	(15 414)	(10 789)	(14 548)
Net cash flows from investing activities	(532)	(1 591)	(1 838)
Net cash flows from financing activities	13 780	19 639	17 450

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") and the Norwegian Accounting Act, and audited by Deloitte AS, the Group's independent auditor, see Section 14.2 "*Auditor*".

The unaudited reports for the six-month's periods ending 31 December 2021 and 30 June 2022, and the nine-month's period ending 30 September 2022, have been prepared in accordance with International Accounting Standard 34 ("**IAS 34**").

The amounts are presented in USD, rounded to the nearest thousand unless otherwise stated. USD is the reporting as well as the functional currency of the Group and the Company.

8.2 Auditor and information subject to audit

The Company's auditor Deloitte AS, ref. Section 14.1, has audited the Financial Statements. The auditor's reports are included in the Financial Statements. The auditor's opinion for 2021 was qualified as follows as the Company had insufficient working capital for a 12 month period and there existed significant uncertainty regarding the ability for the Company and the consolidated entity to continue as going concerns:

> *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.*

In the Company's opinion, the qualification is accurate and based on the insufficient working capital of the Company. Reference is made to Section 2.1 in general, and to Section 2.1.1 specifically, relating to the future and continued risks for the Company's capital. In general, these concerns are reflected and elaborated on in Section 2 *"Risk factors"* and Section 6 *"Company and its business"*.

Deloitte AS has not audited Interim Financial Statements.

8.3 Significant changes since 30 June 2022

In the opinion of the Company's management, there have been no significant changes in the Company's financial position, the Company's financial performance, or recent trends as regards the operations of the Company, since 30 June 2022 to the date of this Prospectus.

8.4 Investments

Ensurge has no financial investments or off-balance sheet assets. Cash is held in the bank.

Ensurge had made no material investments since the date of its last published financial statements.

The future development and commercialization activities will be conducted by the Group, its production partners and various technical and academic laboratories and institutions. The future programs are committed only insofar as the staff has been employed and hired. There is little or no basis for estimating whether the results of future development projects will satisfy the criteria for capitalization.

Ensurge intends to fund the future development activities through its own sources, supplemented by equity and/or debt financing if and when obtained.

8.5 Dividend Policy

Ensurge has no established dividend policy in place except to state that the Company's aim and focus is to enhance shareholder value and provide an active market in its Shares.

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 Group's and the Company's financial condition, results of operations and capital requirements.

9 CAPITAL RESOURCES AND INDBETEDNESS

9.1 Capitalization and Indebtedness

The Group is funded by equity and supplier credit, and short term financing. The unsecured current debt, which comprises financial liabilities as reported in the balance sheet, consists of accounts payable, accrued expenses and similar working capital items.

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. 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 30 September 2022, the guarantee liability amounted to USD 3,000 thousand.

On 7 November 2022, the Company consolidated and re-amortized the Master Lease Agreement and three amendments with Utica Leaseco, LLC ("Utica"). As of 7 November 2022, Ensurge had secured funding for the full amount of $7,497,907.89. The financing under the Master Lease Agreement with Utica established four-year term loan. Interest-only monthly payments were due for the first six months, and thereafter a four-year amortization period during which monthly principal and interest payments are due. In connection with the new arrangement, the Company has pledged additional collateral to secure the amended payment terms. In addition to the existing collateral pledge, which includes the roll-to-roll production line equipment and certain sheet-line tools, Ensurge has pledged all remaining unsecured equipment located in the San Jose, California facility. Further, Utica has taken a first security position in all of Ensurge Micropower ASA's intellectual property. Ensurge is using the proceeds from the loans as well as the short term cash savings resulting from the renegotiation of payment terms for working capital to fund ongoing operations and to support its execution of strategic initiatives.

During the last two years and up until the date of this Prospectus, neither Ensurge nor any Group company has entered into any other material contracts outside of the ordinary course of business. The Company or any Group company has not entered into any other contract which contains a provision under which any member of the Group has any obligation or entitlement which is material to the Group as of the date of the Prospectus.

The Company had approximately USD 2,450,000 of unsecured debt for trade and other payables as of 30 September 2022.

The Private Placement described in this Prospectus has raised gross proceeds of NOK 55 million. The normal operations have consumed cash by payment of normal operating expenses and interest expense.

There are no other material changes to the capitalization and indebtedness of the Group.

9.1.1 Captitalization and indebtness

The following table shows the Group's capitalization and indebtedness as of 30 September 2022 and significant changes since 30 September 2022 (unaudited):

Capitalisation and indebtedness
In thousands in USD

	Note	30 September 2022	Adjustments after 30 September 2022	As Adjusted
Total Current Debt and liabilities		11,669	64	11,733
Guranteed				
Secured - Current portion	1	4,388	64	4,452
Unsecured		7,281		7,281
Total Non-Current debt		12,335	(514)	11,821
Guranteed				
Secured - Non-current portion	2	2,495	(401)	2,094
Unsecured (financial lease)	2	9,840	(113)	9,727
Shareholder's equity		(15,212)	1,775	(13,437)
a.....Share capital....	3	23,845	1,775	25,620
b.....Legal Reserve....		-		-
c.....Other Reserves....		(39,057)		(39,057)
Total debt and Shareholder's equity		8,792	1,325	10,117

The adjustments since 30 September 2022 consists of the following:

1. The increase in current portion of noncurrent debt of USD 64 thousand reflects the normal adjustments between current and noncurrent debt of USD 401 thousand and payment of USD 337 thousand. The debt is secured by the Company's roll-to-roll production line equipment, all remaining unsecured equipment in the San Jose, California facility, and all of the Company's intellectual property.

2. The decrease in noncurrent bank loans and other noncurrent loans of USD 514 thousand reflects the normal adjustments between current and noncurrent debt of USD 401 thousand as well as payments of USD 113 thousand made after the balance sheet date. The noncurrent debt represents the long term portion of the secured debt.

3. The increase in Share Capital of USD 1,775 thousand is the result of completing Tranche 1 of the Private Placement announced on 8 November 2022.

Net financial indebtedness
In thousands in USD

Total Current Debt and liabilities	Note	30 September 2022	Adjustments after 30 September 2022	As Adjusted
A. Cash	1	4,687	1,325	6,012
B. Cash equivalent (Detail)				-
C. Trading Securities				-
D. Liquidity (A) + (B) + (C)		**4,687**	**1,325**	**6,012**
E. Current financial receivables		1,184		1,184
F. Current bank debt		-		-
G. Current portion on non current debt	2	10,572	64	10,636
H. Other current financial debt				
I. Current Financial Debt (F) + (G) + (H)		**10,572**	**64**	**10,636**
J. Net Current Financial Indebtedness (I) - (D) - (E)	3	4,701	(1,261)	3,440
K. Non Current Bank loans	4	2,495	(401)	2,094
L. Bond issued		-		-
M. Other non current loans	4	9,840	(113)	9,727
N. Non Current Financial Indebtedness (K) + (L) + (M)		**12,335**	**(514)**	**11,821**
O. Net Financial Indebtedness (J) + (N)		**17,036**	**(1,775)**	**15,261**

The adjustments since 30 September 2022 consists of the following:

1. The increase in cash of USD 1,325 thousand is the result of completing Tranche 1 of the Private Placement of USD 1,775 thousand announced on 8 November 2022 offset by payments related to debt.

2. The increase in current portion of noncurrent debt of USD 77 thousand reflects the normal adjustments between current and noncurrent debt of USD 414 thousand and payment of USD 337 thousand.

3. The change in Net Current Financial Indebtedness is the result of completing Tranche 1 of the Private Placement of USD 1,776 thousand announced on 8 November 2022 and debt payments made after the balance sheet date.

4. The decrease in non current bank loans and other non current loans of USD 526 thousand reflects the normal adjustments between current and noncurrent debt as well as payments made after the balance sheet date.

9.2 Working capital statement

The Company is of the opinion that it does not have sufficient working capital for its present requirements and is actively undertaking initiatives to raise funds necessary for continued operation. As of 30 September 2022, the Company had a cash balance of approximately USD 4,687,000 (including restricted cash of USD 1,600,000), which is sufficient to fund the Company into Q4 2022. Following the successful completion of the Private Placement, the Company believes it will have sufficient working capital to continue operations into Q1 2023.

Beyond funds raised in this Private Placement, the Company believes it will require additional funds in the range of USD 21 – 23 million to support the business plan in 2023. None of the warrants exercisable on 30 November 2022, with a total fundraising capacity of approximately NOK 50 million, were exercised. Sources of funding may include new and existing investors, including institutional investors in the United States and Europe, potential Joint Development Agreements with customers, and potential revenues from initial product shipments. The Company continually evaluates potential sources of investment to prioritize sources that would provide the best possible alignment to the Company's goals and capital requirements.

However, if the Company is not able to successfully complete future fundraising as planned, significant uncertainty would exist as to whether the Company will continue as a going concern. Should this occur, the board may evaluate further strategic options including the restructuring, sale, or dissolution of the Company.

10 CORPORATE INFORMATION AND DESCRIPTION OF SHARE CAPITAL

10.1 Company corporate information

The Company's legal name is Ensurge Micropower ASA. In less formal circumstances and in the context of marketing, the Company/Group is often referred to as "Ensurge". The Company is organized as a public limited liability company in accordance with the PLCA, and is registered with the Company Registry under company organization no. 889 186 232.

The Company's registered office is at Fridtjof Nansens plass 4, 0160 Oslo, Norway. The Company can be reached on telephone: +1 408 503 7300.

The Company was incorporated on 22 December 2005. The Company's website can be found at https://ensurge.com/. Except as incorporated by reference, see Section 14.5, the information on the Company's website is not part of the Prospectus.

10.2 The Shares

The Company's Shares have been listed and traded on Oslo Børs since 27 February 2015, under the ticker symbol "THIN" since 27 February 2015 to 9 June 2021, and under the ticker "ENSU" as of 10 June 2021.

Ensurge shares are also currently traded in the United States on the OTCQB Venture Market under the ticker symbol "ENMPF". In addition, Ensurge has established a sponsored Level 1 American Depositary Receipt ("**ADR**") program. On 24 March 2015, Ensurge's ADRs were available for trading in the United States on the OTCQX International under the symbol "TFECY". Ensurge's ADR was moved to OTCQB with effect on 23 June 2020. The ticker for the ADRs was changed to "ENMPY" effective 15 June 2021.

The Company's Shares are not listed on any other stock exchange, regulated market or other equivalent markets and no such other listing is sought or contemplated.

Prior to the Private Placement, the Company's share capital was NOK 214.561.213,02 divided into 216,728,498 Shares, each with a par value of NOK 0.99. Following registration of the share capital increase in connection with Tranche 1, the Company has an issued share capital of NOK 232,634,834.19 divided into 234,984,681 Shares, each with a par value of NOK 0.99. Following registration of the share capital increase in connection with Tranche 2, the Company has an issued share capital of NOK 241,786,213.02 divided into 244,228,498 Shares, each with a par value of NOK 0.99.

The Company only has one class of shares and all Shares have equal rights, including voting rights and right to the Company's capital, in the event of liquidation and to receive dividends, unless all the shareholders approve otherwise. The Shares are issued under Norwegian law and pursuant to the PLCA. All Shares have been fully paid. See Section 11 "*Shareholder Matters and Company and Securities Law*" for further details of the rights relating to the Shares. The Company's Articles of Association as of the date of this Prospectus are incorporated hereto by reference, see Section 14.5 "*Incorporation by reference*".

There are no dividend restrictions or specific procedure for non-Norwegian resident shareholders in the PLCA or otherwise applicable for the Company.

The New Shares will receive rights to receive dividends from the time at which the associated share capital increase is registered in the Company Registry.

The New Shares are freely transferable according to Norwegian law and the Company's Articles of Association. There are no voting restrictions in the Company. The Articles of Association of the Company does not contain any provisions restricting foreign ownership of Shares.

The Company is not aware of any shareholder agreements or other similar understandings among its shareholders that may result in a change of control in Ensurge. To the best of the Company's knowledge and belief, no shareholders, or group of shareholders, control the Company, directly or indirectly. The Shares have not been subject to any takeover bids by third parties during the current or last financial year.

10.3 Board Authorization to issue Shares

At the Annual General Meeting on 3 June 2021, the Board was granted an authorization to issue shares in connection with Restricted Stock Units ("**RSUs**"). The background for the authorization was that formely issued incentive subscription rights to US employees and US members of the Board, who were to be issued incentive subscription rights with an exercise price per share of NOK 0.15, instead were issued incentive subscription rights with an exercise price at fair market value, due to US tax laws. Therefore, to compensate the affected parties for the valuation gap (being the difference between the intended exercise price of NOK 0.15 per share, and the actual exercise price, being at fair market value), the Board proposed that the Annual General Meeting on 3 June 2021 approve an authorization to issue RSUs, a type of option which, subject to a vesting schedule, entitles the holders to shares in the Company. The subscription price for the RSUs shall be equal to the par value of the shares, NOK 0.99. The authorization allows issue of new shares for up to NOK 7,535,000 in total nominal value. The authorization is valid until 3 June 2023. As of the date of this Prospectus, the authorization has not been used.

At the Extraordinary General Meeting on 1 December 2022, the Board was granted two separate authorizations to issue Shares. One may be used in connection with private placements and/or share issues to suitable investors (existing and/or new shareholders), and the other may be used in connection with rights issues to existing shareholders of the Company. The authorizations are individually and collectively maximized to a total nominal value of NOK 24,178,621.302, representing 10% of the share capital of the Company following the completion of the Private Placement. Further, under no circumstances may the number of Shares that may be issued by the Board under the authorizations exceed 10% of the registered share capital in the Company at the time the authorization is used. The authorizations are valid until the 2023 Annual General Meeting, however no longer than 30 June 2023. As of the date of this Prospectus, the authorization has not been used.

There are no other board authorizations to issue shares in effect as of the date of this Prospectus.

10.4 Incentive subscription rights, Convertible Loans and other rights in the Company

10.4.1 Incentive subscription rights

On 25 May 2022, the Annual General Meeting resolved a new 2022 Subscription Rights Incentive Pan (the "**2022 Plan**"), under which incentive subscription rights may be issued to employees and to individual consultants in the Group.

The maximum number of incentive subscription rights that may be granted under the 2022 Plan is 9,779,500 incentive subscription rights; provided, however, that the number of incentive subscription rights that may be issued under the 2022 Plan and collectively under all the Company's incentive subscription rights plans shall be limited to 27,172,381 incentive subscription rights.

In general, and unless the Board approves an accelerated vesting schedule at its sole discretion, incentive subscription rights granted under the 2022 Plan will vest as to 50% on the first anniversary of the date of grant, and as to the remaining 50% on the second anniversary of the date of grant. Unless otherwise determined by the Board, the exercise price for each subscription right under the 2022 Plan shall be the greatest of (i); the average closing price of the Company's share, as reported by Oslo Børs, over ten trading days immediately preceding the date of grant, and (ii) the closing price of the Company's share, as reported by Oslo Børs, on the trading day immediately preceding the date of grant.

As of the date of this Prospectus, a total of 850,000 incentive subscription rights have been granted and are outstanding under the 2022 Plan.

Further, the 25 May 2022 Annual General Meeting resolved to grant 1,000,000 incentive subscription rights to each of the two Board members elected at such general meeting, equaling 2,000,000 incentive subscription rights. Each of the granted incentive subscription rights will entitle the holder to demand the issuance of one Share, at an exercise price of NOK 2,50 per Share. The incentive subscription rights granted to the Board members on the 25 May 2022 Annual General Meeting shall vest and become exercisable over a period of two years after the date of grant, in equal quarterly terms (12.5% each quarter), starting three months after the date of grant, i.e. on 25 August 2022.

The 2022 Plan replaced the preceding 2021 Subscripton Rights Incentive Plan (the "**2021 Plan**"), meaning that no new incentive subscription rights may be granted under the 2021 Plan after the 2022 Plan became effective. The 2022 Plan is based on the same terms and conditions as the general terms of the 2021 Plan. The Company has in addition had similar incentive plans for 2020 (the "**2020 Plan**") and 2019 (the "**2019 Plan**) on substantially the same terms. The 2019 Plan also included a grant to holders of incentive subscription rights under the 2014-2018 incentive subscription rights plans in return for the holders waiving their rights to exercise incentive subscription rights under such former plans.

As of the date of this Prospectus, a total of 21,350,715 incentive subscription rights have been granted and are outstanding under the Company's incentive subscription right plans, including incentive subscription rights under the 2022 Plan, 2021 Plan, 2020 Plan and the 2019 Plan.

10.4.2 Convertible Loans

The 17 August 2022 Extraordinary General Meeting resolved to obtain a convertible loan with a total par value of NOK 46,790,000 (the "**Convertible Loan**"). The Convertible Loan was subscribed for at its nominal value by investors in the Company.

The Convertible Loan carries interest at the rate of 5% per annum, and matures and shall be repaid, with interest, by the Company on 17 August 2023, unless converted. The interest of the Convertible Loan shall be paid to the lenders on 17 August 2023 regardless of whether the Convertible Loan is converted into Shares before 17 August 2023.

The lenders of the Convertible Loan may claim conversion of all or part of their respective loan into shares in the Company, by written notice to the Company at earliest on 17 February 2023. Conversion of the Convertible Loan, by written notice, may be claimed from 17 February 2023 until and including 17 August 2023, provided, however, that the Company has reserved the right to register share capital increases necessary for the issuance of shares upon conversion, no more than once every three months. This entails that the Company has reserved the right to only register share capital increases in connection with the Convertible Loan on 17 February 2023, 17 May 2023, and 17 August 2023.

The conversion price per share related to the conversion of the Convertible Loan is NOK 3.00. The share contribution shall be settled by set-off of the accounts receivable under the Convertible Loan.

10.4.3 Other financial instruments

As of the date of this Prospectus, the Company has no other outstanding rights to shares, convertible loans, convertible securities, exchangeable securities or other financial instruments in issue giving the holder the right to convert or subscribe for Shares in the Company.

10.5 Authority to Repurchase Shares

No Shares in Ensurge are held by or on behalf of the Company itself or by any of its Subsidiaries.

At the 25 May 2022 Annual General Meeting, the Board was authorized to acquire, through ownership or a charge, up to 10% of the Company's registered share capital at the time of the resolution, corresponding to a total nominal value of NOK 21,056,360.292, for a maximum price of NOK 1,000 per Share. As of the date of this Prospectus, the authorization has not been used to purchase Shares in the Company. The authorization expires at the date of the Company's annual general meeting in 2023, however, no later than 30 June 2023.

10.6 Major shareholders

Pursuant to the Norwegian Securities Trading Act, shareholders that obtain holdings of shares that exceed 5% of the Company's share capital or a corresponding portion of the votes, have an interest in the issuer's capital or voting rights which is notifiable. The following Section 10.6.1 represents certain shareholders' holdings of shares or rights to shares that exceed 5% of the Company's share capital or a corresponding portion of the votes, and is made up of information from the VPS and disclosures made by shareholders in the Company on Oslo Børs, respectively.

10.6.1 Shareholdings based on data from the VPS

As of the date of this Prospectus[26], the following registered shareholders in Ensurge have holdings in excess of the statutory thresholds for disclosure requirements. In case of nominee shareholders, the disclosure requirement applies to the beneficial owner of the Shares. The

[26] The overview is based on data from the VPS as of 20 December 2022.

overview below does not include Tranche 2 Shares which will be issued following approval of this Prospectus. The overview does not include Convertible Loan Shares.

Name of registered shareholder	**Number of Shares held**	**%**
UBS Switzerland AG	28,778,356	12.24%
Alden AS	23,687,588	10.08%
Tigerstaden AS	13,000,000	5.53%

UBS Switzerland AG is a nominee shareholder. Note that shareholders may have several accounts and/or their Shares may be held by one or more nominee(s). All shares in the Company have equal voting rights.

On 31 May 2022, Spreadex Ltd. disclosed that on 27 May 2022, a threshold was reached, following which Spreadex Ltd. held a total of 31,679,345 shares in the Company, corresponding to 14.89% of the share capital and votes.

11 SHAREHOLDER MATTERS AND COMPANY AND SECURITIES LAW

11.1 Introduction

This section includes certain aspects of Norwegian legislation relating to shareholding in a Norwegian public limited liability company, with its shares listed on Oslo Stock Exchange, but is however not a full or complete description of the matters described herein. The following summary does not purport to be a comprehensive description of all the legal considerations that may be relevant to a decision to purchase, own or dispose of Shares.

The Company is a Norwegian public limited company and is as such subject to, inter alia, Norwegian company and securities law, including the PLCA, MAR and the Norwegian Securities Trading Act with regulations regarding disclosure of inside information and ongoing disclosure requirements, market abuse, mandatory take-overs, squeeze-out, etc.

11.2 Voting rights

Each Share in the Company (other than treasury shares) gives the holder the right to cast one vote at general meetings of shareholders. There are no limitations under Norwegian law on the rights of non-residents or foreign owners to hold or vote the Shares.

As a general rule, resolutions that shareholders are entitled to make pursuant to the PLCA or the Company's Articles of Association require a simple majority of the votes cast. In the case of election of directors to the Board of Directors, the persons who obtain the most votes cast are deemed elected to fill the positions up for election. However, as required under Norwegian law, certain decisions, including resolutions to waive preferential rights in connection with share issues, to approve a merger or de-merger, to amend the Company's Articles of Association or to authorize an increase or reduction in the share capital, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a shareholders' meeting.

Norwegian law further requires that certain decisions which have the effect of substantially altering the rights and preferences of any Shares or class of Shares receive the approval of the holders of such Shares or class of shares as well as the majority required for amendments to the Company's Articles of Association. Decisions that (i) would reduce any shareholder's right in respect of dividend payments or other rights to the assets of the Company or (ii) restrict the transferability of the shares require a majority vote of at least 90% of the share capital represented at the general meeting in question as well as the majority required for amendments to the Company's Articles of Association. Certain types of changes in the rights of shareholders require the consent of all shareholders affected thereby as well as the majority required for amendments to the Company's Articles of Association.

In general, under Norwegian law, only shareholders registered in the VPS have been entitled to vote for shares. Beneficial owners of shares that are registered in the name of a nominee have generally not been entitled to vote for shares under Norwegian law, nor have persons who have been designated in the VPS register as the holders of such nominee-registered shares. Readers should note that there have been varying opinions as to the interpretation of Norwegian law in respect of the right to vote nominee-registered shares, and that the legal status on this point, currently in force, is unclear. Readers should also note that the Norwegian Parliament has passed new legislation on the topic, which will enter into force on 1 July 2023. The introduced legislation will both affirm the right to attend and vote on general meetings for holders of nominee-registered Shares, and in addition make it easier for holders of such Shares to exercise this right.

11.3 Additional issuances and preferential rights

All issuances of Shares by the Company, including bonus issues, require an amendment to the Articles of Association, which requires the same vote as other amendments to the Articles of Association. Furthermore, under Norwegian law, the Company’s shareholders have a preferential right to subscribe for new shares issued against cash contribution. The preferential rights to subscribe in an issue may be waived by a resolution in a general meeting by the same vote as required to approve amendments to the Articles of Association. A waiver of the shareholders’ preferential rights in respect of bonus issues requires the approval of all outstanding Shares, irrespective of class.

Under Norwegian law, bonus issues may be distributed, subject to shareholder approval, by transfer from the Company’s free equity or from its share premium reserve. Such bonus issues may be affected either by issuing Shares or by increasing the par value of the Shares outstanding.

11.4 Dividends

Dividends may be paid in cash or in some instances in kind. Pursuant to the PLCA, a public limited liability company may only distribute dividends to the extent it will have net assets covering the company’s share capital and other restricted equity after the distribution has been made. The calculation shall be made on the basis of the balance sheet in the Company’s last approved financial statements, provided, however, that it is the registered share capital at the time of decision that applies. Further, extraordinary dividend payments may be resolved based upon an interim balance sheet not older than six (6) months and distribution to the shareholders may only be made when the interim balance has been announced by the Norwegian Accounting Register.

In the amount that may be distributed, a deduction shall be made for (i) the aggregate nominal value of treasury shares held by the company, (ii) credit and collateral pursuant to Sections 8-7 to 8-10 of the PLCA, with the exception of credit and collateral repaid or settled prior to the time of decision or credit which is settled by a netting in the dividend and (iii) other dispositions after the balance sheet date which pursuant to law shall lie within the scope of the funds that the Company may use to distribute dividend. Even if all other requirements are fulfilled, the Company may only distribute dividend to the extent that it after the distribution has a sound equity and liquidity.

Distribution of dividends is resolved by the general meeting of shareholders with simple majority, and on the basis of a proposal from the Board of Directors. The general meeting cannot distribute a larger amount than what is proposed or accepted by the Board of Directors. The general meeting can also, following its approval of the annual financial statement, provide the Board of Directors with an authorization to resolve distribution of dividends on the basis of the company’s financial statement. Such authorization is however limited in time to the next ordinary General Meeting.

According to the PLCA, there is no time limit after which entitlement to dividends lapses. Under the Norwegian Limitations Act, the general period of limitation is three years from the date on which an obligation is due. The payment date may not be set later than six months from the resolution to distribute dividends. Further, there are no dividend restrictions or specific procedures for non-Norwegian resident shareholders in the PLCA.

Under Norwegian foreign exchange controls currently in effect, transfers of capital to and from Norway are not subject to prior government approval except for the physical transfer of payments in currency, which is restricted to licensed banks. Consequently, a non-Norwegian resident may receive dividend payments without Norwegian exchange control consent if such payment is made only through a licensed bank.

Any potential future payments of dividends on the Shares will be denominated in NOK and will be paid to the shareholders through the VPS. Payment to investors registered in the VPS whose address is outside Norway will be conducted by the Company's registrar based on information received from the VPS. Investors registered in the VPS with an address outside Norway who have not supplied VPS with their bank account details or who do not have valid bank account number will receive a letter from the Company's VPS registrar, which needs to be returned before the dividend payment can take place.

11.5 Rights on liquidation

Under the PLCA, a company may be liquidated by a resolution in a general meeting of the Company passed by a two thirds majority of the aggregate votes cast as well as two thirds of the aggregate share capital represented at such meeting. It is assumed that if a company is insolvent, it cannot be dissolved under the PLCA. The Shares rank pari passu in the event of a return on capital by the Company upon a liquidation or otherwise.

11.6 Disclosure obligations

If a shareholder's proportion of the total issued shares in a company listed on a regulated market in Norway (with Norway as its home state, which will be the case for the Company) reaches, exceeds or falls below the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or the voting rights of that company, as a result of acquisition, disposal or other circumstances, the shareholder in question has an obligation under the Norwegian Securities Trading Act to notify Oslo Stock Exchange and the issuer immediately. The lending and borrowing of shares and the return and receipt of borrowed shares shall be regarded as acquisition and disposal in this context.

The notification requirements apply accordingly to those who directly or indirectly hold, acquire, or dispose of certain financial instruments which give the holder a right to acquire already issued shares, including, inter alia, derivatives.

Holdings must be consolidated with, inter alia, the holdings of third parties with whom the party, subject to the notification requirements, has an agreed joint and long-term strategy regarding the exercise of voting rights, or persons or entities who, according to more detailed criteria, are controlled by the party.

11.7 The VPS and transfer of Shares

The Company's shareholder register is operated through the VPS. The VPS is the Norwegian paperless centralized securities register. It is an electronic book-keeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded. The VPS and Oslo Stock Exchange are both wholly-owned by Euronext N.V.

All transactions relating to securities registered with the VPS are made through computerized book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, Norges Bank (being, Norway's central bank), authorized securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

As a matter of Norwegian law, the entry of a transaction in the VPS is prima facie evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security. A transferee or assignee of shares may not exercise the rights of a shareholder with respect to such shares unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such share acquisition, and the acquisition is not prevented by law, the relevant company's by-laws or otherwise.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS' control which the VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the Financial Supervisory Authority on an on-going basis, as well as any information that the Financial Supervisory Authority requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

11.8 Shareholder register

Under Norwegian law, shares are registered in the name of the beneficial owner of the shares. Norwegian shareholders are not allowed to register their shares in VPS through a nominee. Foreign shareholders may, however, register their shares in the VPS either in their own name or in the name of a nominee (bank or other nominee) approved by the Financial Supervisory Authority. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the company and to the Norwegian authorities. In the case of registration by nominees, the registration in the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions, but cannot vote in general meetings on behalf of the beneficial owners. Reference is made to the legislation which has been passed, but which has not yet entered into force, described in Section 11.2, regarding the right to attend and vote on general meetings for holders of nominee-registered Shares.

11.9 Foreign investment in shares listed in Norway

Foreign investors may trade shares listed on Oslo Stock Exchange through any broker that is a member of Oslo Stock Exchange, whether Norwegian or foreign.

11.10 Insider trading

According to Norwegian law, subscription for, purchase, sale or exchange of financial instruments that are listed, or subject to the application for listing, on a Norwegian regulated market, or incitement to such dispositions, must not be undertaken by anyone who has inside information, pursuant to Articles 7 and 8 of the Market Abuse Regulation, and as implemented in Norway in accordance with Section 3-1 of the Norwegian Securities Trading Act. The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value is connected to such financial instruments or incitement to such dispositions.

11.11 Mandatory offer requirement

The Norwegian Securities Trading Act requires any person, entity or consolidated group that becomes the owner of shares representing more than one-third of the voting rights of a company listed on a Norwegian regulated market (with the exception of certain foreign companies) to, within four (4) weeks, make an unconditional general offer for the purchase of the remaining shares in that company. A mandatory offer obligation may also be triggered where a party acquires the right to become the owner of shares that, together with the party's own shareholding, represent more than one-third of the voting rights in the company and Oslo Stock Exchange decides that this is regarded as an effective acquisition of the shares in question. The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

When a mandatory offer obligation is triggered, the person subject to the obligation is required to immediately notify Oslo Stock Exchange and the company in question accordingly. The notification is required to state whether an offer will be made to acquire the remaining shares in the company or whether a sale will take place. A notification informing about a disposal can be altered to a notice of making an offer within the four (4) week period, while a notification stating that the shareholder will make an offer cannot be amended and is thus binding.

The offer and the offer document required are subject to approval by Oslo Stock Exchange before the offer is submitted to the shareholders or made public. The offer price per share must be at least as high as the highest price paid or agreed by the offeror for the shares in the six-month period prior to the date the 1/3 threshold was exceeded, but at least equal to the market price, if it is clear that the market price was higher when the mandatory offer obligation was triggered. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate its offer at such higher price. A mandatory offer must be unconditional and in in cash (NOK) or contain a cash alternative at least equivalent to any other consideration offered.

In case of failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant threshold within four weeks, Oslo Stock Exchange may force the acquirer to sell the shares exceeding the threshold by public auction. Moreover, a shareholder who fails to make an offer may not, as long as the mandatory offer obligation remains in force, exercise rights in the company, such as voting in a general meeting, without the consent of a majority of the remaining shareholders. The shareholder may, however, exercise his/her/its rights to dividends and pre-emption rights in the event of a share capital increase. If the shareholder neglects his/her/its duty to make a mandatory offer, Oslo Stock Exchange may impose a cumulative daily fine that runs until the circumstance has been rectified.

Any person, entity or consolidated group that owns shares representing more than one-third of the votes in a company listed on a Norwegian regulated market (with the exception of certain foreign companies) is obliged to make an offer to purchase the remaining shares of the company (repeated offer obligation) if the person, entity or consolidated group through acquisition becomes the owner of shares representing 40%, or more of the votes in the company. The same applies correspondingly if the person, entity or consolidated group through acquisition becomes the owner of shares representing 50% or more of the votes in the company. The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares which exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

Any person, entity or consolidated group that has passed any of the above-mentioned thresholds in such a way as not to trigger the mandatory bid obligation, and has therefore not previously made an offer for the remaining shares in the company in accordance with the mandatory offer rules is, as a main rule, obliged to make a mandatory offer in the event of a subsequent acquisition of shares in the company.

11.12 Compulsory acquisition

Pursuant to the PLCA and the Norwegian Securities Trading Act, a shareholder who, directly or through subsidiaries, acquires shares representing 90% or more of the total number of issued shares in a Norwegian public limited liability company, as well as 90% or more of the total voting rights, has a right, and each remaining minority shareholder of the company has a right to require such majority shareholder, to effect a compulsory acquisition for cash of the shares not already owned by such majority shareholder. Through such compulsory acquisition the majority shareholder becomes the owner of the remaining shares with immediate effect.

If a shareholder acquires shares representing more than 90% of the total number of issued shares, as well as more than 90% of the total voting rights, through a voluntary offer in accordance with the Securities Trading Act, a compulsory acquisition can, subject to the following conditions, be carried out without such shareholder being obliged to make a mandatory offer: (i) the compulsory acquisition is commenced no later than four (4) weeks after the acquisition of shares through the voluntary offer, (ii) the price offered per share is equal to or higher than what the offer price would have been in a mandatory offer, and (iii) the settlement is guaranteed by a financial institution authorized to provide such guarantees in Norway.

A majority shareholder who effects a compulsory acquisition is required to offer the minority shareholders a specific price per share, the determination of which is at the discretion of the majority shareholder. However, where the offeror, after making a mandatory or voluntary offer, has acquired more than 90% of the voting shares of a company and a corresponding proportion of the votes that can be cast at the general meeting, and the offeror pursuant to Section 4-25 of the PLCA completes a compulsory acquisition of the remaining shares within three months after the expiry of the offer period, it follows from the Norwegian Securities Trading Act that the redemption price shall be determined on the basis of the offer price for the mandatory/voluntary offer unless special circumstances indicate another price.

Should any minority shareholder not accept the offered price, such minority shareholder may, within a specified deadline of not less than two months, request that the price be set by a Norwegian court. The cost of such court procedure will, as a general rule, be the responsibility of the majority shareholder, and the relevant court will have full discretion in determining the consideration to be paid to the minority shareholder as a result of the compulsory acquisition.

Absent a request for a Norwegian court to set the price or any other objection to the price being offered, the minority shareholders would be deemed to have accepted the offered price after the expiry of the specified deadline.

11.13 Foreign exchange controls

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder outside Norway, and there are currently no restrictions that would affect the right of shareholders of a company that has its shares registered with the VPS who are not residents in Norway to dispose of their shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the Directorate of Labour and Welfare and the Financial Supervisory Authority have electronic access to the data in this register.

12 LEGAL MATTERS

12.1 Legal and arbitration proceedings

The Group is not involved in any governmental, legal or arbitration proceedings, nor is the Company aware of any such pending or threatened proceedings, which may have or have had any significant effects on the Group's financial position or profitability.

12.2 Related Party Transactions since 31 December 2021 until the date of the Prospectus

In the period 1 January 2022 – 31 October 2022, Ensurge has been invoiced approximately NOK 2,382 thousand (net of VAT) for legal services provided by Advokatfirmaet Ræder AS, in which Morten Opstad, Ensurge's Chairman of the Board, is a partner.

Reference is made to the description of the 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, as described in Section 7.2.

In the period 1 January 2022 – 31 October 2022, Ensurge has been invoiced approximately NOK 1,803 thousand (net of VAT) for investor relations services provided by Acapulco Advisors AS (Ståle Bjørnstad).

All agreement terms including pricing are based on the arm's length principle. Since 31 December 2021, the Group does not have other transactions with related parties. The number of Shares and Subscription Rights held by members of the Board and Management are set out in Section 7.2 above.

No related party transaction form part of the turnover of the Company.

13 TAXATION

13.1 General

Set out in this chapter 13 is a summary of certain tax matters related to purchase, holding and disposal of shares. The statements herein are, unless otherwise stated, based on the laws, rules and regulations in force in Norway as of the date of this Prospectus, and are subject to any changes in law occurring after such date. Such changes could possibly be made on a retrospective basis. Tax rates indicated below are applicable for the income year 2022. Changes in tax rates proposed in the presentation of the state budget for 2023 have also been included, some with effect from the budget presentation on 6 October 2022. The tax legislation of the investor's member state in the European Economic Area or country of residence/incorporation and of the Company's country of incorporation may have an impact on the income received from the securities.

The following summary is of a general nature and does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, own or dispose Shares or Subscription Rights. Furthermore, the summary only focuses on the shareholder categories explicitly mentioned below (individual shareholders and limited liability companies). Shareholders are advised to consult their own tax advisors concerning the overall tax consequences of their ownership of shares. The summary does not address foreign tax laws. In particular, this document does not include any information with respect to U.S. taxation. Prospective investors who may be subject to tax in the United States are urged to consult their tax adviser regarding the U.S. federal, state, local and other tax consequence of owning and disposing of shares in Ensurge.

13.2 Norwegian Shareholders

13.2.1 Taxation of dividends – Individual shareholders

Dividends distributed to Norwegian individual shareholders are taxable as general income. The taxable dividend, less a calculated tax-free allowance, will be multiplied by 1.6 which amount is taxed at the general income tax rate of 22% (22% x 1.6 resulting in an effective tax rate of 35.2 %). Note that in the state budget for 2023 it is proposed to increase the multiplication factor to 1.72 resulting in an effective tax rate of 37.84%. The proposal will - if the government obtains a majority - be given effect from 6 October 2022. This is expected to be adopted mid/late December 2022. The tax-free allowance shall be calculated on a share-by-share basis, and the allowance for each share will be equal to the cost price of the share, multiplied by a risk-free interest rate. This risk-free interest rate is set in January of the year following the income year. Any part of the calculated allowance one year exceeding the dividend distributed on the share will be carried forward to the following years and reduce the taxable dividend income. Unused allowance will also be included in the basis for calculating the tax-free allowance later years. The tax-free allowance is calculated for each calendar year and is allocated solely to Norwegian individual shareholders holding shares at the expiry of the relevant income year.

13.2.2 Taxation of dividends – Corporate shareholders (Limited liability companies)

Dividends distributed to a shareholder which is a limited liability company tax-resident in Norway ("**Norwegian corporate shareholders**") and holding more than 90% of the shares and votes in the distributing company are fully exempt from taxation. To other corporate shareholders 3% of the dividends shall be subject to general income tax at the 22% rate (resulting in an effective tax rate of 0.66%).

13.2.3 Taxation on realization of shares – Individual shareholders

Sale, redemption or other disposal of shares is considered a realization for Norwegian tax purposes. A capital gain or loss generated by a Norwegian individual shareholder through a disposal of shares is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the basis for computation of general income in the year of disposal. The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of shares disposed of.

The capital gain is calculated on the consideration received less the cost price of the share and transactional expenses. The taxable gain, less any unused calculated tax-free allowance, will be multiplied by 1.6, which amount is taxed at the general income tax rate of 22% (22% x 1.6 resulting in an effective tax rate of 35.2%). Note that in the state budget for 2023 it is proposed to increase the multiplication factor to 1.72 resulting in an effective tax rate of 37.84%. The proposal will - if the government obtains a majority - be given effect from 6 October 2022. This is expected to be adopted mid/late December 2022. The tax-free allowance for each share is equal to the total of any unused tax-free allowance amounts calculated for this share for previous years (ref. "Taxation of dividends – Individual shareholders" above), which exceeded dividends distributed on this share. The calculated tax-free allowance may only be deducted in order to reduce a taxable gain calculated upon the realization of the share and may not be deducted in order to produce or increase a loss for tax purposes.

If the shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

13.2.4 Taxation on realization of shares – Corporate shareholders (Limited liability companies)

Norwegian corporate shareholders are not taxable for capital gains related to realization of shares in a Norwegian company, and losses related to such realization are not tax deductible.

13.2.5 Taxation related to independent subscription rights – Individual shareholders

A Norwegian individual shareholder's subscription for independent subscription rights is not subject to taxation in Norway. Costs related to the subscription for independent subscription rights will be added to the cost price of the independent subscription right.

Exercise of independent subscription rights is not taxable; the cost price of the subscription right shall be added to the tax base of the shares acquired.

Sale and other transfer of subscription rights is considered as realization for Norwegian tax purposes. A capital gain or loss generated by a Norwegian individual shareholder through a realization of independent subscription rights is taxable or tax deductible in Norway. Such capital gain or loss is generally included in or deducted from the basis for computation of general income in the year of disposal. The general income will be multiplied by 1.6 and taxed at the rate of 22% (22% x 1.6 resulting in an effective tax-rate of 35.2%). Note that in the state budget for 2023 it is proposed to increase the multiplication factor to 1.72 resulting in an effective tax rate of 37.84%. The proposal will - if the government obtains a majority - be given effect from 6 October 2022. This is expected to be adopted mid/late December 2022.

However, please note that the gains related to independent subscription rights granted to employees as a consequence of their employment will be included in the basis for calculating their salary payments. Such salary payments are subject to taxation at a marginal tax rate of 47.4%. (2022, the same is proposed for 2023). In addition, the employer will be obligated to pay social security contributions at a rate normally of 14.1%. In the state budget for 2023 it is proposed to increase the employer's social security contributions up to 19.1 % for annual salary in excess of NOK 750,000.

13.2.6 Taxation related to independent subscription rights – Corporate shareholders

A Norwegian corporate shareholder's subscription for independent subscription rights is not subject to taxation in Norway. Costs related to the subscription for independent subscription rights will be added to the cost price of the independent subscription rights.

Norwegian corporate shareholders are generally exempt from tax on capital gains upon the sale or other realization of independent subscription rights to shares in a Norwegian company, and losses are not tax deductible.

13.2.7 Net wealth tax

The value of shares is included in the basis for the computation of wealth tax imposed on Norwegian individual shareholders. The marginal wealth tax rate is 0.95% of the value assessed. In the state budget for 2023 it is proposed to increase the tax rate to 1% of the value assessed. The value for assessment purposes for shares on Oslo Børs is 75% (from 1 January 2022) of the listed value as of 1 January in the year of assessment. Note that in the state budget for 2023 it is proposed to increase the value for assessment purposes to 80% for shares on Oslo Børs. Norwegian corporate shareholders are not subject to net wealth tax.

13.2.8 Inheritance tax

Effective 1 January 2022, there is no inheritance tax in Norway.

13.3 Non-Resident Shareholders

This section summarizes Norwegian tax rules relevant to shareholders who are not tax-resident in Norway ("**Non-resident shareholders**"). Non-resident shareholders' tax liabilities in their home country or other countries will depend on applicable tax rules in the relevant country.

13.3.1 Taxation of dividends

Dividends distributed to shareholders who are individuals not tax-resident in Norway ("**Non-resident individual shareholders**"), are as a general rule subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident. The withholding obligation lies with the company distributing the dividends. Note that there are requirements for documentation if the shareholder requests a reduced withholding tax rate. Shareholders in publicly traded companies who hold shares in an account in the VPS, which is registered directly in the shareholder's own name, must submit the documentation to the account agent.

Shareholders in publicly traded companies, who have shares registered in an account in the VPS in the name of a foreign nominee, must submit the documentation to the foreign nominee.

The above generally applies also to shareholders who are limited liability companies not tax-resident in Norway ("**Non-resident corporate shareholders**"). However, dividends distributed to Non-resident corporate shareholders tax-resident within the EEA are exempt from Norwegian withholding tax, provided the shareholder genuinely is established and conducts business activity within the EEA.

Non-resident individual shareholders tax-resident within the EEA area are subject to ordinary withholding tax, but entitled to apply for a partial refund of the withholding tax, equal to a calculated tax-free allowance similar to the calculated allowance used by Norwegian individual shareholders, ref above.

Nominee registered shares will be subject to withholding tax at a rate of 25% unless the shareholder has fulfilled specific documentation requirements and the nominee has obtained approval from the Norwegian Tax Administration for the dividend to be subject to a lower withholding tax rate. Non-resident shareholders that have suffered a higher withholding tax than set out by an applicable tax treaty or the Norwegian Tax Act may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

If a Non-resident shareholder is carrying on business activities in Norway, and the shares are effectively connected with such activities, the shareholder will be subject to the same taxation as Norwegian shareholders, as described above.

13.3.2 Taxation on realization of shares or independent subscription rights

Realization of shares or independent subscription rights by a Non-resident individual or corporate shareholder will not be subject to taxation in Norway unless the Non-resident shareholder is holding the shares or warrants in connection with the conduct of a trade or business in Norway, in which case the tax treatment is as described for Norwegian shareholders.

13.3.3 Net wealth tax

Shareholders not tax-resident in Norway are not subject to Norwegian net wealth tax. Foreign individual shareholders can however be taxable if the shareholding is effectively connected to the conduct of trade or business in Norway.

13.4 VAT and transfer taxes

No VAT, stamp or similar duties are currently imposed in Norway on the transfer of shares whether on acquisition or disposal.

14 ADDITIONAL INFORMATION

14.1 Auditors

The Company's auditor is Deloitte AS (Dronning Eufemias gate 14, NO-0191 Oslo, Norway), who has acted as the Company's auditor since being elected at the Extraordinary General Meeting on 11 May 2006. Deloitte AS is a member of the Norwegian Institute of Public Accountants. Accordingly, no auditor of the Group has resigned, been removed or failed to be re-appointed during the period covered by the historical financial information discussed herein.

The auditor's report on the Financial Statements is included together with the Financial Statements as incorporated hereto by reference; see Section 14.5 "*Incorporation by reference*". Other than Deloitte's report on the Financial Statements, neither Deloitte nor any other auditor has audited, reviewed or produced any report on any other information provided in this Prospectus.

14.2 Expert Statements

There are no reports, letters, valuations or statements prepared by any expert at the Company's request referred to in the Prospectus.

14.3 Third party information

The Company confirms that where information has been sourced from a third party, it has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no fact has been omitted which would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of information has been identified.

14.4 Documents on Display

Copies of the following documents (or copies thereof) will be available for inspection during normal business hours on any business day free of charge at the offices of the Company's legal advisor Advokatfirmaet Ræder AS, Dronning Eufemias gate 11, 0191 Oslo, Norway:

a) This Prospectus;
b) The Memorandum of Incorporation and Articles of Association of the Company;
c) Audited annual report 2021 for the Group; and
d) Unaudited interim reports for the first, second and third quarter of 2022 for the Group.

The above documents are also available at the Company's website at www.ensurge.com. The above documents are available for inspection for the life of this Prospectus.

14.5 Incorporation by reference

The information incorporated by reference in the Prospectus shall be read in connection with the cross-reference list as set out in the table below. Expect as provided in this section, no other information is incorporated by reference into this Prospectus.

The following documents have been incorporated hereto by reference:

Section in the Prospectus	**Minimum disclosure requirement of the Prospectus**	**Reference document and link**
Section 8.1	Historical financial information	Consolidated Annual Report 2021: https://ensurge.com/wp-content/uploads/2022/04/Ensurge-Annual-Report-2021.pdf
Section 8.1	Audit reports	Auditor's Report 2021: https://ensurge.com/wp-content/uploads/2022/04/Ensurge-Annual-Report-2021.pdf
Section 8.1	Audited historical financial information	Accounting principles: https://ensurge.com/wp-content/uploads/2022/04/Ensurge-Annual-Report-2021.pdf
Section 8.1	Interim financial information	Interim Report: First half 2022 (unaudited): https://ensurge.com/wp-content/uploads/2022/08/Ensurge_Q2_2022_Final.pdf
Section 8.1	Interim financial information	Interim Report: Q3 2022 (unaudited): https://ensurge.com/wp-content/uploads/2022/11/Ensurge_Q3_2022_Financial_Report.pdf

15 DEFINITIONS AND GLOSSARY OF TERMS

The following definitions and glossary apply in this Prospectus unless otherwise dictated by the context, including the foregoing pages of this Prospectus. Words importing the plural shall be construed to include the singular and vice versa.

"2019 Plan"	The 2019 Subscription Rights Incentive Plan for employees and consultants performing similar work in the Company and its Subsidiaries
"2020 Plan"	The 2020 Subscription Rights Incentive Plan for employees and individual consultants performing similar work in the Company and its Subsidiaries
"2021 Plan"	The 2021 Subscription Rights Incentive Plan for employees and individual consultants performing similar work in the Company and its Subsidiaries
"2022 Plan"	The 2022 Subscription Rights Incentive Plan for employees and individual consultants performing similar work in the Company and its Subsidiaries
"ADR"	American Depositary Receipt
"Articles of Association"	The Articles of Association of Ensurge
"Board" or "Board of Directors"	Board of Directors of Ensurge Micropower ASA
"CAGR"	Compound Annual Growth Rate
"CEO"	Chief Executive Officer
"CFO"	Chief Financial Officer
"Company Registry"	The Norwegian Register of Business Enterprises or "Foretaksregisteret"
"Company" or "Ensurge"	Ensurge Micropower ASA
"Conversion Price"	The conversion price per Convertible Loan Share, NOK 3.00
"Convertible Loan"	A convertible loan with a total par value of NOK 46,790,000
"Convertible Loan Shares"	Issuance of up to 15,596,666 shares on Oslo Børs in connection with conversion of the Convertible Loan, at a conversion price of NOK 3.00 per Convertible Loan Share
"DvP"	Delivery-versus-Payment
"Ensurge Micropower Inc"	Ensurge Micropower, Inc., a California corporation, USA
"EU"	European Union
"EU Prospectus Regulation"	Regulation 2017/1129 of the European Parliament and of the Council, as amended from time to time and as implemented in Norway
"VPS"	Euronext VPS
"Financial Information"	Financial Statements and Interim Financial Statements
"Financial Statements"	The Group's audited consolidated financial statements as of and for the year ended 31 December 2021
"Forward-looking Statements"	Statements regarding future developments, including, without limitation, projections and expectations regarding the Group's future financial position, business strategy, plans and objectives, all of which are based on information available to the Company, and views and assessments of the Company, as of the date of this Prospectus
"Group"	Ensurge and Subsidiaries
"IAS 34"	International Accounting Standard 34

"IFRS"	International Financial Reporting Standards
"Interim Financial Statements"	The unaudited consolidated statements as of and for the six months' periods ending on 30 June 2022
"IP"	Intellectual Property
"IPR"	Intellectual Property Rights
"ISIN"	International Securities Identification Number
"LEI"	Legal Entity Identifier
"Lender"	One existing shareholder in the Company, Alden AS
"Managers"	Skandinaviska Enskilda Banken AB (publ) and SpareBank 1 Markets AS
"New Shares"	The Tranche 2 Shares and the Convertible Loan Shares
"Non-resident shareholders"	Shareholders who are not tax-resident in Norway
"Non-resident corporate shareholders"	Shareholders who are limited liability companies not tax-resident in Norway
"Non-resident individual shareholders"	Shareholders who are individuals not tax-resident in Norway
"Norwegian Accounting Act"	The Norwegian Accounting Act of 17 July 1998
"Norwegian FSA"	Financial Supervisory Authority of Norway (Nw.:*Finanstilsynet*)
"Norwegian kroner" or "NOK"	Norwegian Kroner, the lawful currency of the Kingdom of Norway
"Norwegian Securities Trading Act"	The Norwegian Securities Trading Act of 29 June 2007 No. 75 (as amended from time to time)
"OEM"	Original Equipment Manufacturer
"Oslo Børs"	Oslo Børs ASA
"OTCQB"	Also known as the OTCQB Venture Market, being one of three market places for trading over-the-counter stocks provided and operated by the OTC Markets Group
"PLCA"	The Norwegian Public Limited Liability Companies Act of 13 June 1997 no.45 (*Nw.*:"*allmennaksjeloven*")
"Private Placement"	The private placement consisting of Tranche 1 and the Tranche 1 Shares, and Tranche 2 and the Tranche 2 Shares, in total 27,500,000 New Shares in Ensurge
"Prospectus"	This Prospectus dated 21 December 2022
"R&D"	Research and development
"RF"	Radio Frequency
"Roll-to-Roll"	Refers to manufacturing processes that utilize a continuous substrate that is transferred from one roll to another during manufacturing, and during the transfer, layers are patterned to form active electronic components
"Shares"	The issued and outstanding shares in the Company, each share having a par value of NOK 0.99
"Share Lending Agreement"	Agreement between the Lender, the Managers and the Company, pursuant to which the Lender provided the Managers with a share loan in order to facilitate a settlement on Tranche 1 and Tranche 2 on a DvP basis.
"Subscription Price"	NOK 2.00 per Private Placement Share

"Subsidiaries"	The following wholly-owned (directly or indirectly) subsidiaries of Ensurge: "Ensurge Micropower Inc." and "TFE Holding".
"TFE Holding"	TFE Holding, a Nevada corporation, USA
"Tranche 1"	The first tranche of the Private Placement, consisting of the issuance of Tranche 1 Shares, resolved by the Board on 8 November 2022
"Tranche 1 Shares"	18,256,183 new shares at a subscription price of NOK 2.00 per Tranche 1 Share
"Tranche 2"	The second tranche of the Private Placement, consisting of the issuance of Tranche 2 Shares by the 1 December 2022 Extraordinary General Meeting
"Tranche 2 Shares"	9,243,817 new shares at a subscription price of NOK 2.00 per Tranche 2 Share
"USD" or "$"	United States Dollars, the lawful currency of the United States
"VPS"	The Norwegian Central Securities Depository or "Verdipapirsentralen", which organizes the Norwegian paperless securities registration system

Ensurge Micropower ASA

2021

Annual Report and Financial Statements

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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	Jon Castor	Preeti Mardia	Kelly Doss	Kevin Barber
Chairman	Board Member	Board Member	Board Member	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.

Ensurge Micropower ASA
Annual financial statements 2021

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

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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

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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
VP Global Human Resources
& Administration

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.

Annual Report 2021

Ensurge Micropower Inc.

Ensurge Micropower ASA

Second Quarter 2022

Interim Report and Financial Statements

ENSURGE™
MICROPOWER

Contents

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About Ensurge

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 microbattery (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 is a publicly listed company in Norway with corporate headquarters in Oslo and global headquarters in San Jose, California.

Business Review and Outlook

Ensurge has been in active discussions with four large multinational corporations as strategic partners. These companies, with market-leading products including consumer devices, electronic components, and batteries, are interested in the Ensurge core technology and we are actively working on providing the Ensurge microbattery unit cells to them for their evaluation. The Ensurge unit cell is the core microbattery building block. It consists of cathode and electrolyte deposited on an ultrathin steel substrate using an established anode-less solid-state lithium chemistry. These cells will be provided to them in a conventional coin cell format to ease the testing and evaluation of our unit cells. We are excited to begin working with strategic partners to further expand the potential of our technology for transforming the billion-unit wearables, hearables and connected sensors market. This strategy establishes an additional path to commercializing Ensurge's innovative technology. Each of these companies bring strategic technology of their own which, together with Ensurge's core cell technology, can lead to solutions enabling applications yet to exist expanding the market beyond our existing 1-billion-unit market opportunities. The company expects to explore a range of possible strategic options with the partners including but not limited to licensing of the Ensurge technology, potential joint ventures, and NRE and equity investments. We are currently building the coin cells and initial quantities will be completed in the next few days, and we expect shipment of coin cells to strategic partners within two weeks.

This past quarter, Ensurge further increased the quantity of unit cells that it manufactured while significantly lowering the impedance of the unit cells by orders of magnitude. These improvements were the result of improving the repeatability and consistency of the process. This also reflects the greater focus on manufacturing throughput and efficiency towards getting ready for commercial production in late Q4 2022. The larger quantity of unit cells is also providing data and associated learning allowing the company to further fine-tune and improve the manufacturing process.

Lower impedance is key to high cycling, capacity, and fast charging. The progress in lowering unit cell impedance is attributed to numerous breakthroughs optimizing the process conditions and interactions affecting the key interfaces between the stainless-steel substrate and the cathode, between the cathode and the solid electrolyte and between the solid electrolyte and the overlay material where the Lithium anode is formed so they work efficiently and effectively together. These innovations in the interfacial engineering has resulted in significant performance benefits over last few months.

"Ensurge has achieved low impedance in anode-less all solid-state unit cells using LiPON as the electrolyte, something that the battery field has only conceptually demonstrated but not at the practical scale," said Shirley Meng, Ph.D., a leading battery expert, member of Ensurge's technical advisory board, professor at the Pritzker School of Molecular Engineering at the University of Chicago. "This is exciting as Ensurge is well-positioned to bring the solid-state lithium chemistry to the IoT (1-100 mAh) market. Ensurge has also shown that this excellent performance can be achieved using a streamlined, roll-to-roll manufacturing process that does not require stringent environmental controls such as dry room conditions."

Customer traction and inbound interest remains strong. We added 12 new qualified customers to our engagements in the last several months. Wearable medical devices across a breadth of applications continues to be the dominant application segment followed by Internet of things and fitness/sports wearables. We are continuing to build the required pipeline of customer opportunities as we move closer to production. These customer products in many cases have requirements that can only be met by the Ensurge microbattery. Many of these companies are actively working with Ensurge and are ready to move forward with product development using the Ensurge microbattery. Almost all these customers put high value on fast charging, rectangular form factor that can be mounted on the customer board using traditional reflow assembly process and the form factor freedom which allows the customers to select length, width and height that work the best for their products.

Ensurge announced on 24 July 2022 a financing of NOK 57 million including NOK 46.7 million in convertible loans and NOK 10.3 million in private placement of ordinary shares. Ensurge Board of Directors approved the financing including the terms of the convertible loans. The terms of the convertible loans were further approved by the Ensurge shareholders on 17 August 2022 at an Extraordinary General Meeting.

As we look forward, we are focused on our twin commercialization strategies by accelerating our strategic partner engagements demonstrating our core cell technology and commercial customers with continued product developments. We will continue to focus on producing increasing quantities of high-quality unit cells to support the shipment of samples to both potential strategic partners and advancements in our stacking and packaging to enable shipments of samples to customers with signed agreements. In parallel, we continue to focus on increasing the repeatability of our stacking and packaging process and putting in place the manufacturing flow and processes towards commercial production of the Ensurge microbattery as we have previously indicated.

Condensed Consolidated Financial Report as of June 2022

Profit and Loss

Ensurge had zero sales revenue in the first six months of 2022.

Operating costs amounted to USD 11,225 thousand during the first six months of 2022, including the notional cost of share-based compensation of USD 3,166 thousand. The corresponding figures for 2021 were USD 8,443 thousand and USD 1,518 thousand, respectively. The increase in operating costs, USD 2,783 thousand, was primarily attributable to the increase in payroll costs and share-based compensation. The expenses by major category are as follows:

1 USD 1,021 thousand higher payroll cost.

2 USD 1,648 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 48 thousand higher premises and supplies costs.

4 USD 79 thousand higher other expenses.

The Company focused R&D efforts towards achieving technical success in solid-state lithium battery technology development. The company increased spending in the first half of 2022 in the operations area in support of R&D samples and production readiness. R&D spending for the first six months of 2022 totaled USD 1,489 thousand as compared to USD 1,478 thousand for the same time period in 2021. Depreciation and amortization charges in the first six months of 2022 amounted to USD 158 thousand, compared to USD 26 thousand incurred the same period in 2021.

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 first six months of 2022 amounted to an expense of USD 719 thousand (first half 2021: USD 12,466 thousand expense). Net financial items were primarily interest expenses of USD 1,197 thousand (first half 2021: USD 1,513 thousand) related to debt and financial lease included in the Company's balance sheet as well as warrant expenses in 2022 of USD 9 thousand (first half 2021: USD 11,362 thousand).

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 loss for first six months of 2022 was USD 12,102 thousand, corresponding to a basic loss per share of USD 0.06. For first six months of 2021, the loss was USD 20,934 thousand, corresponding to a basic loss per share of USD 0.17. The weighted average basic number of shares used to calculate the loss per share have been adjusted to reflect the 9:1 share consolidation completed 11 March 2022.

Cash Flow

The group's cash balance decreased by USD 994 thousand for the first six months of 2022, compared to an increase of USD 1,263 thousand during the same period in 2021. The net decrease in cash balance is explained by the following principal elements:

1 USD 10,376 thousand outflow from operating activities,

2 USD 310 thousand outflow from investing activities, and

3 USD 9,692 thousand inflow from financing activities.

The USD 10,376 thousand outflow from operating activities is primarily explained by an operating loss excluding depreciation, amortization and warrant expenses of USD 10,209 thousand. The cash balance on 30 June 2022 amounted to USD 5,859 thousand, while the cash balance on 30 June 2021 equaled USD 7,053 thousand. The cash balances include 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. (See Note 11. Current and long-term debt for further detail.)

Balance Sheet

Non-current assets amounted to USD 2,790 thousand (30 June 2021: USD 2,003 thousand). The increase in non-current assets year over year was mainly due to investment in fixed assets. Trade and other receivables amounted to USD 927 thousand as of 30 June 2022 (30 June 2021: USD 687 thousand). Non-current liabilities as of 30 June 2022 totaled USD 13,862 thousand (30 June 2021: 19,420 thousand) and relates to future lease payments for the Junction Avenue, San Jose, California premises and long-term debt relating to an equipment term loan facility with Utica. The equity ratio was negative 127 percent as of 30 June 2022, versus negative 460 percent as of 30 June 2021.

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:

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 30 June 2022, the Company had a cash balance of approximately USD 5.9 million, including restricted cash of USD 1.6 million. On 24 July 2022, the Company announced funding of NOK 57 million including NOK 46.7 million in convertible loans and NOK 10.3 million in a private placement (NOK 3.00 per share). The Ensurge Board approved the private placement and the terms of the convertible loans. On 17 August 2022, the Company received shareholder approval at an Extraordinary General Meeting for the terms of the convertible loans.

Currently, the most significant technical risk is solving the remaining issue necessary to enable shipment of functional samples to our customers and strategic partners. 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.

Many of the markets that Ensurge targets in connection with its new energy storage strategy will require time 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.

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.

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.

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

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 group and parent company have sufficient funds to support operations into the fourth quarter of 2022.

To continue to fund the Company's activities through and beyond the fourth quarter of 2022, the Company is seeking alternative sources of financing to continue operations. 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. 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 13,951,267 shares (Tranche 1) (as adjusted for the 9:1 share consolidation in March 2022) and an allocation of 4,567,252 shares (Tranche 2) (as adjusted for the 9:1 share consolidation in March 2022) at a subscription price of NOK 5.40 per share. The gross proceeds from the private placement (both Tranche 1 and 2) was NOK 100 million.
- On 25 and 27 July 2022, the Company announced funding of NOK 57 million including NOK 46.7 million in convertible loans and NOK 10.3 million in a private placement. The Ensurge board approved the private placement and the terms of the convertible loans. On 17 August 2022, the Company received shareholder approval at an Extraordinary General Meeting for the terms of the convertible loans. The Convertible Loans are repayable one year following the date of the EGM (the "Maturity Date") and the lenders will be entitled at any time from six months from the EGM until the Maturity Date to convert the loans into shares in the Company at a conversion price of NOK 3.00. The Convertible Loans will carry interest at the rate of 5% per annum.
- The company has 9,259,259 outstanding warrants that expire on 30 November 2022 and have exercise price of NOK 5.4. These warrants could potentially bring additional funding of NOK 50 million. The company, however, is not relying on execution of these warrants and is exploring other fund raising opportunities.
- Undertaken a program to continue to monitor the group's ongoing working capital requirements and minimum expenditure commitments;
- Monitoring and reviewing opportunities for lease financing related to equipment purchases; and
- Continued its focus on maintaining an appropriate level of corporate overhead that is in line with the group's available cash resources.

The Company has prioritized raising sufficient funds to provide adequate time to demonstrate a series of technology and market development milestones. Ensurge has successfully completed two private placements and one convertible loan financing in the past eighteen months. 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 is not in a situation where there is no realistic alternative to continue as going concern and hence it is found appropriate to prepare the interim financial statements on the going concern basis.

Ensurge Micropower ASA Group

Consolidated Financial Statements

Consolidated Statements of Comprehensive Income

Amounts in USD 1,000	Note	1 January - 30 June 2022	1 January - 30 June 2021	1 January - 31 December 2021
Sales revenue		—	—	—
Other income		—	—	—
Total revenue & other income				
Operating costs	9,10	(11,225)	(8,443)	(19,530)
Depreciation and amortization		(158)	(26)	(47)
Operating profit (loss)		**(11,383)**	**(8,469)**	**(19,577)**
Net financial items	12	(719)	(12,466)	(11,386)
Profit (loss) before income tax		(12,102)	(20,934)	(30,963)
Income tax expense		-	-	(32)
Profit (loss) for the period		**(12,102)**	**(20,934)**	**(30,995)**
Profit (loss) attributable to owners of the parent		**(12,102)**	**(20,934)**	**(30,995)**
Profit (loss) per share basic and diluted	6	(USD0.06)	(USD0.17)	(USD0.16)
Profit (loss) for the period		(12,102)	(20,934)	(30,995)
Currency translation		-	-	-
Total comprehensive income for the period, net of tax		**(12,102)**	**(20,934)**	**(30,995)**

Consolidated Statements of Financial Position

Amounts in USD 1,000	Note	30 June 2022	30 June 2021	31 December 2021
ASSETS	7			
Non-current assets				
Property, plant and equipment	3	2,216	1,429	2,032
Other financial receivables	8	574	574	574
Total non-current assets		**2,790**	**2,003**	**2,606**
Current assets				
Trade and other receivables	8	927	687	915
Cash and cash equivalents (i)	11	5,859	7,053	6,853
Total current assets		**6,786**	**7,740**	**7,768**
TOTAL ASSETS		**9,576**	**9,743**	**10,374**
EQUITY	5			
Total Shareholder's Equity		**(12,154)**	**(44,814)**	**(13,481)**
LIABILITIES	7			
Non-current liabilities				
Long-term debt	11	3,663	7,865	5,854
Long-term financial lease liabilities	11	10,199	11,555	10,897
Total non-current liabilities		**13,862**	**19,420**	**16,751**
Current liabilities				
Trade and other payables		2,301	2,214	1,971
Warrants liability (ii)	12	9	26,652	-
Short-term financial lease liabilities	11	1,356	1,182	1,278
Current portion of long-term debt	11	4,202	5,089	3,855
Total current liabilities		**7,868**	**35,137**	**7,104**
TOTAL EQUITY AND LIABILITIES		**9,576**	**9,743**	**10,374**

(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 is valued at fair value in accordance with International Financial Reporting Standards ("IFRS"). There are no circumstances in which the Corporation would be required to pay any cash upon exercise or expiry of the warrants. See Note 12.

Consolidated Statements of Changes in Equity

Amounts in USD 1,000	Share capital	Other paid-in equity	Other reserves	Currency translation	Retained earnings	Total
Balance at 1 January 2022	21,730	22,649	31,968	(13,801)	(76,027)	(13,481)
Share based compensation		2,453				2,453
Private Placement (February 2022)	2,056	8,820				10,876
Stock Rights Exercise	20	81				101
Comprehensive income					(12,102)	(12,102)
Balance at 30 June 2022	**23,806**	**34,003**	**31,968**	**(13,801)**	**(88,129)**	**(12,154)**
Balance at 1 January 2021	12,014	2,805	(2,852)	(13,801)	(45,032)	(46,866)
Share based compensation		1,091				1,091
Private placement related repair and warrant exercises (approved 20 May and 19 August 2020)	2,617	2,238	10,729			15,584
Private Placement (March 2021)	897	5,413				6,310
Comprehensive income					(20,934)	(20,934)
Balance at 30 June 2021	**15,529**	**11,547**	**7,877**	**(13,801)**	**(65,966)**	**(44,814)**
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 (March 2021)	897	5,350				6,248
Comprehensive income					(30,995)	(30,995)
Balance at 31 December 2021	**21,730**	**22,649**	**31,968**	**(13,801)**	**(76,027)**	**(13,481)**

Consolidated Cash Flow Statements

Amounts in USD 1,000	Note	1 January - 30 June 2022	1 January - 30 June 2021	1 January - 31 December 2021
CASH FLOW FROM OPERATING ACTIVITIES				
Profit (loss) before tax		(12,102)	(20,934)	(30,963)
Share-based payment (equity part)		2,453	1,091	4,933
Depreciation and amortization	3,4	158	26	46
Changes in working capital and non-cash items		(1,601)	697	50
Net financial items		719	12,466	11,386
Net cash from operating activities		**(10,372)**	**(6,654)**	**(14,548)**
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	3	(341)	(1,229)	(1,839)
Proceeds from sale of fixed assets		22	—	1
Interest received		5	—	—
Net cash from investing activities		**(314)**	**(1,229)**	**(1,838)**
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issuance of shares	5	13,430	11,165	25,172
Interest paid	4	(1,197)	(1,513)	(3,199)
Lease payments	4	(2,542)	(507)	(4,523)
Net cash from financing activities		**9,692**	**9,145**	**17,450**
Net increase (decrease) in cash and bank deposits		**(994)**	**1,263**	**1,063**
Cash and bank deposits at the beginning of the period		6,853	5,790	5,790
Cash and bank deposits at the end of the period (i)		**5,859**	**7,053**	**6,853**

(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.

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. Ensurge Micropower ASA Group ("Ensurge") consists of the parent company Ensurge ASA and the subsidiaries Ensurge Micropower Inc. ("Ensurge Inc.") and TFE Holding ("Thinfilm Holding.") The group was formed on 15 February 2006, when Thin Film Electronics ASA purchased the business and assets, including the subsidiary Thinfilm Electronics AB, from Thin Film OldCo AS ("OldCo").

The objectives of the Company shall be the commercialization, research, development and production of technology and products related to solid-state lithium microbatteries. 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 Fridtjof 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. On 23 June 2020 the Company's US listing transferred to the OTCQB Venture Market. 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.

2. Basis of preparation, accounting policies, and resolutions

This condensed interim financial report for the six months ending 30 June 2022 has been prepared in accordance with IAS 34 interim financial reporting. The condensed consolidated interim financial report should be read in conjunction with the consolidated annual financial statements for 2021. The IFRS accounting policies applied in this condensed consolidated interim financial report are in all materiality consistent with those applied and described in the consolidated annual financial statements for 2021. The interim financial statements have not been subject to audit.

The board confirms that the financial statements of the group, as well as the parent company, have been prepared under the going concern assumption. Per the date of this report, the group and the parent company have sufficient funds to support operations into the fourth quarter of 2022.

On 2 February 2022, the Company announced the completion of a private placement of 13,951,267 shares (Tranche 1) (as adjusted for the 9:1 share consolidation in March 2022) and an allocation of 4,567,252 shares (Tranche 2) (as adjusted for the 9:1 share consolidation in March 2022) at a subscription price of NOK 5.40 per share, resulting in gross proceeds of NOK 100 million. 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 5.40. 50% of the private placement warrants expired on 30 June 2022 and the remaining 50% is exercisable on 30 November 2022. 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. If the warrants are not sufficiently exercised, the Company will need to seek alternative sources of financing to continue operations. 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 Interim Report.

On 24 July 2022, the Company announced that it secured funding totaling NOK 57 million. Of this amount, NOK 46.7 million represents commitments to subscribe for convertible loans, the balance of NOK 10.3 million in new shares via a private placement. The convertible loans were approved at the Extraordinary General Meeting held 17 August 2022. The Board of Directors has authorization from the Annual General Meeting held 25 May 2022 to complete a private placement.

The report was resolved by the Ensurge Micropower ASA Board of Directors on 23 August 2022.

3. Property, plant and equipment

Amounts in USD 1,000	Tangible assets
Period ended 30 June 2022	
Net book value on 1 January 2022	2,033
Additions	341
Depreciation	(158)
Net book value on 30 June 2022	**2,216**
Period ended 30 June 2021	
Net book value on 1 January 2021	226
Additions	1,229
Depreciation	(26)
Net book value on 30 June 2021	**1,429**
Period ended 31 December 2021	
Net book value on 1 January 2021	226
Additions	1,839
Depreciation	(32)
Net book value on 31 December 2021	**2,033**

4. Right-of-use

The Company entered into a lease agreement in November 2016 relating to the property building of its US headquarters in San Jose, CA. The lease in San Jose expires in September 2028. 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.

	Lease liability
Lease liability recognized at 1 January 2022	12,175
Lease payment (see note below)	(1,052)
Interest expense	432
Lease liability as of 30 June 2022	**11,555**

In the statement of cash flow, principal portions of lease payments are included in line “Lease payment” with an amount of USD 620 thousand, and interest portions of the payments are included in line “Interest paid” with an amount of USD 432 thousand. Both of them are presented as cash flow from financing activities.

For maturity schedule of minimum lease payments, see Note 11.

5. Shares, subscription rights and warrants

Number of shares	
Shares at 1 January 2022	194,055,317
Shares at 30 June 2022	**213,311,832**
Shares at 1 January 2021	109,505,354
Shares at 31 December 2021	**194,055,317**

Number of subscription rights	1 January - 30 June 2022	1 January - 30 June 2021	1 January - 31 December 2021
Subscription rights opening balance	21,278,755	9,352,064	9,352,064
Grant of incentive subscription rights	2,251,500	11,613,706	13,577,039
Terminated, forfeited and expired subscription rights	(315,407)	(13,773)	(1,650,348)
Exercise of subscription rights	(737,996)	—	—
Subscription rights closing balance	**22,476,852**	**20,951,997**	**21,278,755**

Number of warrants	1 January - 30 June 2022	1 January - 30 June 2021	1 January - 31 December 2021
Warrants opening balance	—	75,464,686	75,464,686
Allotment of warrants	18,518,518	—	—
Exercise and expiry of warrants	(9,259,259)	(23,189,869)	(75,464,686)
Warrants closing balance	**9,259,259**	**52,274,817**	**—**

The board of directors resolved on 11 January 2022 to issue a total of 90,000 incentive subscription rights (as adjusted for the 9:1 share consolidation in March 2022) 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 6.30 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 January 2022 to issue in total 116,672 ordinary shares at a subscription price of NOK 2.97 per share to a former employee who has exercised incentive subscription rights granted under the 2020 incentive subscription rights plan.

On 2 February 2022, the Company announced the completion of a private placement of 13,951,267 shares (Tranche 1) (as adjusted for the 9:1 share consolidation in March 2022) and an allocation of 4,567,252 shares (Tranche 2) (as adjusted for the 9:1 share consolidation in March 2022) at a subscription price of NOK 5.40 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 Tranche2, the warrants associated with Tranche 1 and Tranche 2, and a 9:1 share consolidation. The share capital increase associated with Tranche 2 has been duly registered in the Register of Business Enterprises.

Following completion of the 9:1 share consolidations, the composition of Ensurge's share capital was changed from 1,914,208,208 shares, each having a par value of NOK 0.11, to 212,690,508 shares, each having a par value of NOK 0.99. The registration date of the share consolidation was 11 March 2022.

The private placement included two non-tradeable warrants for every share subscribed for in the private placement in February 2022 at no additional cost and with an exercise price equal to NOK 5.40. 50% of the private placement warrants expired on 30 June 2022 and the remaining 50% is exercisable on 30 November 2022.

The board of directors resolved on 3 May 2022 to issue a total of 161,500 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 3.6422 per share. The subscription rights vest by 50% per year over two years and expire on 3 June 2026.

The Annual General Meeting resolved on 25 May 2022 to issue a total of 2,000,000 incentive subscription rights to new members of the board of directors in the Ensurge group. The exercise price of the subscription rights is NOK 2.50 per share. The subscription rights vest over two years, in equal quarterly terms, starting three months after the date of grant (12.5% per quarter) and expire on 25 May 2027.

The Board of Directors resolved on 13 June 2022 to issue in total 621,324 shares with an exercise price of NOK 1.35 per share to a former board member who has exercised incentive subscription rights granted in accordance with the 19 August 2020 resolution by the Extraordinary General Meeting.

6. Profit (loss) per share

	1 January - 30 June 2022	1 January - 30 June 2021	1 January - 31 December 2021
Profit (loss) attributable to shareholders (USD 1000)	(12,102)	(20,934)	(30,995)
Weighted average basic number of shares in issue	208,604,253	123,460,653	194,055,317
Weighted average diluted number of shares	208,604,253	123,460,653	194,055,317
Profit (loss) per share, basic and diluted	**(USD0.06)**	**(USD0.17)**	**(USD0.16)**

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.

The weighted average basic and diluted number of shares have been adjusted to reflect the 9:1 share consolidation completed 11 March 2022.

7. Guarantees

As a part of the relocation of Ensurge's US headquarters in 2017, a USD 1,600 thousand Letter of Credit has been issued by Ensurge Micropower ASA to the landlord. Ensurge Micropower ASA has, in addition, entered into a Tenancy Guarantee with the landlord. The guarantee is 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.

8. Trade and other receivables

Amounts in USD 1,000	30 June 2022	30 June 2021	31 December 2021
Customer receivables	148	-	174
Other receivables, prepayments	903	687	881
Less: provision for impairment of receivables and prepayments	(124)	-	(140)
Sum	**927**	**687**	**915**

Other non-current financial receivables of USD 574 thousand relates to security deposit held by Utica Leaseco, LLC.

9. Operating costs

Amounts in USD 1,000	1 January - 30 June 2022	1 January - 30 June 2021	1 January - 31 December 2021
Payroll	4,335	3,314	7,307
Share-based remuneration	3,166	1,518	4,933
Services	1,027	1,041	2,130
Premises, supplies	2,000	1,951	3,913
Sales and marketing	62	71	167
Other expenses	636	548	1,079
Total operating costs	**11,225**	**8,443**	**19,530**

10. Related party transactions

In the period 1 January to 30 June 2022 and 2021, Ensurge recorded USD 148 thousand and USD 215 thousand, respectively (net of VAT) for legal services provided by law firm Ræder, in which Ensurge's Chairman is a partner.

In the period 1 January to 30 June 2022 and 2021, Ensurge recorded USD 44 thousand and USD 97 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 36 thousand for a share lending agreement with Alden AS, a shareholder of Ensurge.

As of 30 June 2022, the portion of 'Trade and other payables' attributable to related parties is USD 37 thousand.

11. Current and long-term debt

In September 2019, the US subsidiary, Ensurge Micropower, Inc., closed an equipment term loan facility with Utica Leaseco, LLC for USD 13,200 thousand, secured by select fixed assets (see Note 3).

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 2021 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.

At 30 June 2022, the current portion of the loan principal is USD 4,025 thousand. The long-term portion of the principal of USD 3,370 thousand is recorded as Long-term Debt in the Consolidated Statements of Financial Position.

The Company has pledged its roll-to-roll production line equipment, certain sheet-line tools, and certain intellectual property 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. 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 30 June 2022, 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 4.

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

Maturity schedule — liabilities

30 June 2022	Q3 2022	Q4 2022	2023	2024	2025	2026	2027–2028
Principal obligations due	984	1,028	4,582	1,273	—	—	—
Interest payments	328	285	664	38	—	—	—
Lease payments	527	542	2,182	2,246	2,311	2,378	4,322
Total current and long-term debt	**1,839**	**1,855**	**7,428**	**3,557**	**2,311**	**2,378**	**4,322**

12. Warrants liability

On 2 February 2022, the Company announced the completion of a private placement of 125,561,401 shares (Tranche 1) (as adjusted for the 9:1 share consolidation in March 2022) and an allocation of 41,105,265 shares (Tranche 2) (as adjusted for the 9:1 share consolidation in March 2022) at a subscription price of NOK 5.40 per share, resulting in gross proceeds of NOK 100 million. 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 5.40. 50% of the private placement warrants expired on 30 June 2022 and the remaining 50% is exercisable on 30 November 2022.

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 share capital increase associated with Tranche 1 and Tranche 2 have been duly registered in the Register of Business Enterprises.

The exercise price of the warrants is denominated in Norwegian Kroner (NOK); however, the functional currency of the Company is the US Dollar. As a result of this difference in currencies, the proceeds that were received by the Company were not fixed and varied based on foreign exchange rates. The warrants were a derivative and were required to be recognized and measured at fair value at each reporting period. 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), in accordance with IFRS 13. 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 will be reclassified to share capital. The non-cash liability associated with any warrants expired unexercised was recorded as a gain in the consolidated statement of net loss/(income) and comprehensive loss/(income). There are no circumstances in which the Company would be required to pay any cash upon exercise or expiry of the warrants. A reconciliation of the change in fair values of the derivative is below:

	Fair Value of Warrant Liability		
	As of 30 June 2022	As of 30 June 2021	As of 31 December 2021
Opening Balance	$—	$26,020	$26,020
Warrants Issued	434,065	—	—
Warrants Exercised	—	(10,547)	(32,404)
Warrants Expired	(168,558)	—	—
Change in fair value of warrant liability	(256,949)	11,470	(2,234)
Ending Balance	8,558	26,943	8,637
Deferred loss	—	(291)	(19)
Warrants liability	**8,558**	**26,652**	—

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

Private Placement and Subsequent Offering as approved on 24 February 2022	As of 30 June 2022 Tranche 1 Warrant
Share price	NOK 3.38
Exercise price	NOK 5.40
Expected term (in years)	0.42
Expected share price volatility	36.36%
Annual rate of quarterly dividends	0.00%
Risk-free interest rate	1.63%
Warrant expiration date	30 November 2022

See Note 5 for more details.

13. Events occurring after the balance sheet date

On 24 July 2022, the Company announced that it secured funding totaling NOK 57 million. Of this amount, NOK 46.7 million represents commitments to subscribe for convertible loans, the balance of NOK 10.3 million in new shares via a private placement. The convertible loans were subject to approval at the Extraordinary General Meeting held 17 August 2022. The Board of Directors has authorization from the Annual General Meeting held 25 May 2022 to complete a private placement. The Convertible Loans will be repayable after one year following the date of the EGM (the “Maturity Date”) and the lenders will be entitled at any time after six months from the EGM until the Maturity Date to convert the loans into shares in the Company at a conversion price of NOK 3.00. The Convertible Loans will carry interest at the rate of 5% per annum.

Responsibility Statement

The board of directors and the managing director have today reviewed and approved the Ensurge Micropower ASA unaudited interim condensed financial statements as of 30 June 2022

- The interim condensed consolidated financial statements with notes for the first half of 2022 have been prepared in accordance with IAS 34 – Interim Financial Reporting and additional disclosure requirements as stated in the Norwegian Securities Trading Act section 5-6.
- The interim condensed consolidated financial statements for the first half year of 2022 give a true and fair view of Ensurge's assets, liabilities, financial position and results for the period viewed in their entirety.
- The report from the board of directors issued in concert with this consolidated review report gives a true and fair view of the development, performance and financial position of the group, and a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated financial statements.
- A description of the principal risks and uncertainties for the remaining six months of the financial year have been disclosed in the condensed consolidated review report and note 2.
- Major related party transactions have been disclosed in note 10 of the financial statements.

The Ensurge Micropower ASA Board of Directors, Oslo, Norway, 23 August 2022

Morten Opstad
Chairman

Victoire de Margerie
Board Member

Mark Newman
Board Member

Kevin Barber
Managing Director (CEO)

Ensurge Micropower ASA

Third Quarter 2022

Interim Report and Financial Statements

ENSURGE™
MICROPOWER

Contents

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Highlights

- Ensurge announced funding of approximately NOK 55 million in a private placement, split into 2 tranches
- Shipped high performing unit cells samples to three strategic partners, one of which is a multinational consumer devices company and two are in battery product and component businesses
- Current strategic partners represent more than USD 1bn in revenue potential
- Shipped first Ensurge packaged battery to one of our hearing aid customers
- Shipped packaged battery to innovative digital health device company with Q1 2023 forecasted demand
- Engaged in contract negotiations with a global leader in the information technology market
- Anticipate strategic partners to start funding co-development efforts during Q1 2023
- Strong increase in the production rate of battery cells during Q3 2022 and expected to increase further during Q4 2022 and 2023
- Actively engaging multiple US investment banks to raise equity into the California subsidiary to fund capital investment, increasing the San Jose facility's manufacturing capacity to meet customer demand in 2024

About Ensurge

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 microbattery (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 is a publicly listed company in Norway with corporate headquarters in Oslo and global headquarters in San Jose, California.

Business Review and Outlook

Ensurge built strong momentum during the last three months achieving important commercialization milestones delivering packaged batteries to two customers and unit cell battery samples to three strategic partners. The two customers are consumer device companies with signed agreements including a leader in hearables and a digital health innovator who plans to use the Ensurge microbattery in production in 2023.

The three strategic partners include a world leading consumer electronics and communications company with annual revenue potential for Ensurge of USD 500M and two world leading battery manufacturers with over USD 500M in revenue potential for Ensurge. In addition, Ensurge is in discussions with a global ICT corporation for a total of four strategic engagements with more companies in the pipeline. The Company is working to achieve a long-term, funded technology development agreement with a strategic partner.

Ensurge continued to increase the quantity of packaged batteries as well as unit cells that it manufactured while continuing to lower the impedance. Low impedance is key to capacity, faster charging and high cyclability. The progress lowering unit cell impedance is attributed to numerous breakthroughs optimizing the process conditions and interactions affecting the key interfaces between the stainless-steel substrate and the cathode, between the cathode and the solid electrolyte between the solid electrolyte and the overlay material where the lithium anode is formed so they work efficiently and effectively together. These innovations in the interfacial engineering within the microbattery have resulted in significant performance benefits over the last few months.

Improvements in the quantity of packaged batteries and unit cells were the result of improving the repeatability and consistency of the process. This also reflects the greater focus on manufacturing throughput and efficiency towards getting ready for commercial production and revenue in 2023. The larger quantity of unit cells is also providing data and associated learning allowing the Company to further fine-tune and improve the manufacturing process.

Customer traction and inbound interest remains strong. Ensurge has added 10 new qualified customers and partners to its engagements in the last several months. Wearable medical devices across a breadth of applications continues to be the dominant application segment followed by Internet of Things (IoT) and fitness/sports wearables. The Company is continuing to build the required pipeline of customer opportunities as it moves closer to production. These customers' products in many cases have requirements that can only be met by the Ensurge microbattery. Many of these companies are actively working with Ensurge and are ready to move forward with product development using the Ensurge microbattery. Almost all of these customers put a high value on fast charging, rectangular form factor that can be mounted on the customer board using traditional reflow assembly process and the form factor freedom which allows the customers to select the length, width and height that work the best for their products.

As Ensurge looks forward, it is focused on ramping up customer sampling, design wins, building the revenue pipeline and supporting that pipeline with manufacturing operations all towards commercial production and revenue in 2023. At the same time, the Company remains focused on strategic partners with a goal to sign at least one strategic partnership agreement which provides substantial funding starting in Q1 2023.

Condensed Consolidated Financial Report as of September 2022

Profit and Loss

Ensurge had zero sales revenue in the first nine months of 2022.

Operating costs amounted to USD 16,042 thousand during the first nine months of 2022, including the notional cost of share-based compensation of USD 3,515 thousand. The corresponding figures for 2021 were USD 14,416 thousand and USD 3,552 thousand, respectively. The increase in operating costs, USD 1,625 thousand, was primarily attributable to an increase in payroll costs. The expenses by major category are as follows:

1 USD 1,389 thousand higher payroll cost.

2 USD 37 thousand lower 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 469 thousand higher premises and supplies costs.

4 USD 197 thousand lower other expenses.

The Company focused R&D efforts towards achieving technical success in solid-state lithium battery technology development. The Company increased spending in the first nine months of 2022 in the operations area in support of R&D samples and production readiness. R&D spending for the first nine months of 2022 totaled USD 2,319 thousand as compared to USD 2,304 thousand for the same time period in 2021. Depreciation and amortization charges in the first nine months of 2022 amounted to USD 257 thousand, compared to USD 12 thousand incurred the same period in 2021.

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 first nine months of 2022 amounted to an expense of USD 203 thousand (first nine months of 2021: USD 10,641 thousand expense). Net financial items were primarily interest expenses of USD 1,879 thousand (first nine months of 2021: USD 1,686 thousand) related to debt and financial lease included in the Company's balance sheet as well as warrant expenses in 2022 of USD zero (first nine months of 2021: USD 8,800 thousand).

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 loss for first nine months of 2022 was USD 16,502 thousand, corresponding to a basic loss per share of USD 0.08. For first nine months of 2021, the loss was USD 25,095 thousand, corresponding to a basic loss per share of USD 0.17. The weighted average basic number of shares used to calculate the loss per share have been adjusted to reflect the 9:1 share consolidation completed 11 March 2022.

Cash Flow

The group's cash balance decreased by USD 2,166 thousand for the first nine months of 2022, compared to an increase of USD 7,260 thousand during the same period in 2021. The net decrease in cash balance is explained by the following principal elements:

1 USD 15,414 thousand outflow from operating activities,

2 USD 532 thousand outflow from investing activities, and

3 USD 13,780 thousand inflow from financing activities.

The USD 15,414 thousand outflow from operating activities is primarily explained by an operating loss excluding depreciation, amortization and warrant expenses of USD 16,244 thousand. The cash balance on 30 September 2022 amounted to USD 4,687 thousand, while the cash balance on 30 September 2021 equaled USD 13,050 thousand. The cash balances include 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. (See Note 11. Current and long-term debt for further detail.)

Balance Sheet

Non-current assets amounted to USD 2,921 thousand (30 September 2021: USD 1,817 thousand). The increase in non-current assets year over year was mainly due to investment in fixed assets. Trade and other receivables amounted to USD 1,184 thousand as of 30 September 2022 (30 September 2021: USD 1,021 thousand). Current liabilities as of 30 September 2022 includes USD 3,434 thousand in short term convertible debt (30 September 2021: zero). Non-current liabilities as of 30 September 2022 totaled USD 12,335 thousand (30 September 2021: 18,118 thousand) and relates to future lease payments for the Junction Avenue, San Jose, California premises and long-term debt relating to an equipment term loan facility with Utica. The equity ratio was negative 173 percent as of 30 September 2022, versus negative 53 percent as of 30 September 2021.

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:

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 30 September 2022, the Company had a cash balance of approximately USD 4.7 million, including restricted cash of USD 1.6 million. On 24 July 2022, the Company announced funding of NOK 57 million including NOK 46.7 million in convertible loans and NOK 10.3 million in a private placement (NOK 3.00 per share). The Ensurge Board approved the private placement and the terms of the convertible loans. On 17 August 2022, the Company received shareholder approval at an Extraordinary General Meeting for the terms of the convertible loans. On 8 November 2022, the Company announced funding of approximately NOK 55 million in a private placement, split into 2 tranches. The first tranche, completed on 8 November 2022, totals 18,256,183 shares at NOK 2.00 per share. The Ensurge Board approved Tranche 1 of the private placement. The shares allocated to Tranche 2 total 9,243,817 at NOK 2.00 per share. Tranche 2 is subject to approval by an EGM of the Company on 1 December 2022.

Currently, 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.

Many of the markets that Ensurge targets in connection with its new energy storage strategy will require time 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.

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.

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.

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

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 group and parent company have sufficient funds to support operations into the first quarter of 2023 after the recent private placement of NOK 55 million as described below. Any subsequent offering is subject to the share price and market conditions at the time.

To continue to fund the Company's activities through and beyond the first quarter of 2023, the Company is seeking alternative sources of financing to continue operations. 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.

As described in the Business Review and Outlook section The Company is focused on signing a strategic partnership agreement that the Company anticipates will provide substantial funding starting in Q1 2023. If a strategic partnership is not in soon enough, or if the funding provided by it is not sufficient, the Company will expect to raise additional funds from financial investors. To note, any subsequent offering is subject to the share price and the market conditions at the time.

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 13,951,267 shares (Tranche 1) (as adjusted for the 9:1 share consolidation in March 2022) and an allocation of 4,567,252 shares (Tranche 2) (as adjusted for the 9:1 share consolidation in March 2022) at a subscription price of NOK 5.40 per share. The gross proceeds from the private placement (both Tranche 1 and 2) was NOK 100 million.
- On 25 and 27 July 2022, the Company announced funding of NOK 57 million including NOK 46.7 million in convertible loans and NOK 10.3 million in a private placement. The Ensurge board approved the private placement and the terms of the convertible loans. On 17 August 2022, the Company received shareholder approval at an Extraordinary General Meeting for the terms of the convertible loans. The Convertible Loans are repayable one year following the date of the EGM (the "Maturity Date") and the lenders will be entitled at any time from six months from the EGM until the Maturity Date to convert the loans into shares in the Company at a conversion price of NOK 3.00. The Convertible Loans will carry interest at the rate of 5% per annum.
- On 8 November 2022, the Company announced funding of approximately NOK 55 million in a private placement, split into 2 tranches. The first tranche, completed on 8 November 2022 totals 18,256,183 shares at NOK 2.00 per share. The Ensurge Board approved Tranche 1 of the private placement. The shares allocated to Tranche 2 total 9,243,817 at NOK 2.00 per share. Tranche 2 is subject to approval by an EGM of the Company on 1 December 2022.
- The Company has 9,259,259 outstanding warrants that expire on 30 November 2022 and have exercise price of NOK 5.4. The Company, however, is not relying on execution of these warrants.
- Undertaken a program to continue to monitor the group's ongoing working capital requirements and minimum expenditure commitments;
- Monitoring and reviewing opportunities for lease financing related to equipment purchases; and
- Continued its focus on maintaining an appropriate level of corporate overhead that is in line with the group's available cash resources.
- Actively engaging multiple US investment banks to raise equity into the California subsidiary to fund capital investment, increasing the San Jose facility's manufacturing capacity to meet customer demand in 2024.

The Company has prioritized raising sufficient funds to provide adequate time to demonstrate a series of technology and market development milestones. Ensurge has successfully completed two private placements and one convertible loan financing in the past eighteen months. 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 is not in a situation where there is no realistic alternative to continue as going concern and hence it is found appropriate to prepare the interim financial statements on the going concern basis.

Ensurge Micropower ASA Group

Consolidated Financial Statements

Consolidated Statements of Comprehensive Income

Amounts in USD 1,000	Note	1 July - 30 September 2022	1 January - 30 September 2022	1 July - 30 September 2021	1 January - 30 September 2021	1 January - 31 December 2021
Sales revenue		—	—	—	—	—
Other income		—	—	—	—	—
Total revenue & other income		**—**	**—**	**—**	**—**	**—**
Operating costs	9,10	(4,817)	(16,042)	(5,974)	(14,416)	(19,530)
Depreciation and amortization		(99)	(257)	(12)	(38)	(47)
Operating profit (loss)		**(4,916)**	**(16,299)**	**(5,986)**	**(14,454)**	**(19,577)**
Net financial items	12	516	(203)	1,825	(10,641)	(11,386)
Profit (loss) before income tax		(4,400)	(16,502)	(4,161)	(25,095)	(30,963)
Income tax expense		—	—	—	—	(32)
Profit (loss) for the period		**(4,400)**	**(16,502)**	**(4,161)**	**(25,095)**	**(30,995)**
Profit (loss) attributable to owners of the parent		**(4,400)**	**(16,502)**	**(4,161)**	**(25,095)**	**(30,995)**
Profit (loss) per share basic and diluted	6	(USD0.02)	(USD0.08)	(USD0.03)	(USD0.17)	(USD0.16)
Profit (loss) for the period		(4,400)	(16,502)	(4,161)	(25,095)	(30,995)
Currency translation		—	—	—	—	—
Total comprehensive income for the period, net of tax		**(4,400)**	**(16,502)**	**(4,161)**	**(25,095)**	**(30,995)**

Consolidated Statements of Financial Position

Amounts in USD 1,000	Note	30 September 2022	30 September 2021	31 December 2021
ASSETS	7			
Non-current assets				
Property, plant and equipment	3	2,347	1,817	2,032
Other financial receivables	8	574	574	574
Total non-current assets		**2,921**	**2,391**	**2,606**
Current assets				
Trade and other receivables	8	1,184	1,021	915
Cash and cash equivalents (i)	11	4,687	13,050	6,853
Total current assets		**5,871**	**14,071**	**7,768**
TOTAL ASSETS		**8,791**	**16,462**	**10,374**
EQUITY	5			
Total Shareholder's Equity		**(15,212)**	**(8,880)**	**(13,481)**
LIABILITIES	7			
Non-current liabilities				
Long-term debt	11	2,495	6,881	5,854
Long-term financial lease liabilities	11	9,840	11,236	10,897
Total non-current liabilities		**12,335**	**18,118**	**16,751**
Current liabilities				
Trade and other payables		2,450	2,292	1,971
Short-term financial lease liabilities	11	1,396	1,240	1,278
Current portion of long-term debt	11	4,388	3,692	3,855
Warrants liability (ii)	12	—	—	—
Short-term convertible debt	13	4,788	—	—
Derivative liability	13	(1,524)		
Total current liabilities		**11,669**	**7,224**	**7,104**
TOTAL EQUITY AND LIABILITIES		**8,791**	**16,462**	**10,374**

(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 is valued at fair value in accordance with International Financial Reporting Standards ("IFRS"). There are no circumstances in which the Corporation would be required to pay any cash upon exercise or expiry of the warrants. See Note 12.

Consolidated Statements of Changes in Equity

Amounts in USD 1,000	Share capital	Other paid-in equity	Other reserves	Currency translation	Retained earnings	Total
Balance at 1 January 2022	21,730	22,649	31,968	(13,801)	(76,027)	(13,481)
Share based compensation		3,448				3,448
Private placement (February and August 2022)	2,096	9,125				11,221
Stock Rights Exercise	20	81				101
Comprehensive income					(16,502)	(16,502)
Balance at 30 September 2022	**23,846**	**35,304**	**31,968**	**(13,801)**	**(92,529)**	**(15,212)**
Balance at 1 January 2021	12,014	2,805	(2,852)	(13,801)	(45,032)	(46,866)
Share based compensation		3,062				3,062
Private placement related repair and warrant exercises (approved 20 May and 19 August 2020)	8,819	34,196	10,729			53,744
Private Placement (March 2021)	897	5,377				6,274
Comprehensive income					(25,095)	(25,095)
Balance at 30 September 2021	**21,731**	**45,440**	**7,877**	**(13,801)**	**(70,127)**	**(8,880)**
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 (March 2021)	897	5,350				6,248
Comprehensive income					(30,995)	(30,995)
Balance at 31 December 2021	**21,730**	**22,649**	**31,968**	**(13,801)**	**(76,027)**	**(13,481)**

Consolidated Cash Flow Statements

Amounts in USD 1,000	Note	1 July - 30 September 2022	1 January - 30 September 2022	1 July - 30 September 2021	1 January - 30 September 2021	1 January - 31 December 2021
CASH FLOW FROM OPERATING ACTIVITIES						
Profit (loss) before tax		(4,399)	(16,501)	(4,161)	(25,095)	(30,963)
Share-based payment (equity part)		995	3,448	2,461	3,552	4,933
Depreciation and amortization	3,4	99	257	12	38	46
Changes in working capital and non-cash items		(1,222)	(2,821)	(710)	75	50
Net financial items		(516)	203	(1,825)	10,641	11,386
Net cash from operating activities		**(5,043)**	**(15,414)**	**(4,222)**	**(10,789)**	**(14,548)**
CASH FLOW FROM INVESTING ACTIVITIES						
Purchase of property, plant and equipment	3	(229)	(570)	(388)	(1,591)	(1,839)
Proceeds from sale of fixed assets		0	22	—	—	1
Interest received		11	16	1	1	—
Net cash from investing activities		**(218)**	**(532)**	**(387)**	**(1,591)**	**(1,838)**
CASH FLOW FROM FINANCING ACTIVITIES						
Proceeds from issuance of shares	5	1,340	14,770	14,034	25,199	25,172
Proceeds from issuance of convertible debt	13	4,773	4,773	—	—	—
Interest paid	4	(682)	(1,879)	(728)	(2,241)	(3,199)
Lease payments	4	(1,341)	(3,883)	(2,699)	(3,319)	(4,523)
Net cash from financing activities		**4,089**	**13,780**	**10,607**	**19,639**	**17,450**
Net increase (decrease) in cash and bank deposits		**(1,172)**	**(2,166)**	**5,997**	**7,260**	**1,063**
Cash and bank deposits at the beginning of the period		5,859	6,853	7,053	5,790	5,790
Cash and bank deposits at the end of the period (i)		**4,687**	**4,687**	**13,050**	**13,050**	**6,853**

(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.

Notes to the Consolidated Financial Statements

1. Information about the group

Ensurge Micropower ASA ("Ensurge" or "the Company") was founded as Thin Film Electronics ASA ("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. Ensurge Micropower ASA Group ("Ensurge") consists of the parent company Ensurge ASA and the subsidiaries Ensurge Micropower Inc. ("Ensurge Inc.") and TFE Holding ("Thinfilm Holding.") The group was formed on 15 February 2006, when Thin Film Electronics ASA purchased the business and assets, including the subsidiary Thinfilm Electronics AB, from Thin Film OldCo AS ("OldCo").

The objectives of the Company shall be the commercialization, research, development and production of technology and products related to solid-state lithium microbatteries. 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 Fridtjof 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. On 23 June 2020 the Company's US listing transferred to the OTCQB Venture Market. 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.

2. Basis of preparation, accounting policies, and resolutions

This condensed interim financial report for the nine months ending 30 September 2022 has been prepared in accordance with IAS 34 interim financial reporting. The condensed consolidated interim financial report should be read in conjunction with the consolidated annual financial statements for 2021. The IFRS accounting policies applied in this condensed consolidated interim financial report are in all materiality consistent with those applied and described in the consolidated annual financial statements for 2021. The interim financial statements have not been subject to audit.

The board confirms that the financial statements of the group, as well as the parent company, have been prepared under the going concern assumption. Per the date of this report, the group and the parent company have sufficient funds to support operations into the first quarter of 2023.

On 2 February 2022, the Company announced the completion of a private placement of 13,951,267 shares (Tranche 1) (as adjusted for the 9:1 share consolidation in March 2022) and an allocation of 4,567,252 shares (Tranche 2) (as adjusted for the 9:1 share consolidation in March 2022) at a subscription price of NOK 5.40 per share, resulting in gross proceeds of NOK 100 million. 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 5.40. 50% of the private placement warrants expired on 30 June 2022 and the remaining 50% is exercisable on 30 November 2022. 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. If the warrants are not sufficiently exercised, the Company will need to seek alternative sources of financing to continue operations.

On 24 July 2022, the Company announced that it secured funding totaling NOK 57 million. Of this amount, NOK 46.7 million represents commitments to subscribe for convertible loans, the balance of NOK 10.3 million in new shares via a private placement. The convertible loans were approved at the Extraordinary General Meeting held 17 August 2022. The Board of Directors has authorization from the Annual General Meeting held 25 May 2022 to complete a private placement.

On 8 November 2022, the Company announced funding of approximately NOK 55 million in a private placement, split into 2 tranches. The first tranche, completed on 8 November 2022 totals 18,256,183 shares at NOK 2.00 per share. The Ensurge Board approved Tranche 1 of the private placement. The shares allocated to Tranche 2 total 9,243,817 at NOK 2.00 per share. Tranche 2 is subject to approval by an EGM of the Company on 1 December 2022.

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 Interim Report.

The report was resolved by the Ensurge Micropower ASA Board of Directors on 15 November 2022.

3. Property, plant and equipment

Amounts in USD 1,000	Tangible assets
Period ended 30 September 2022	
Net book value on 1 January 2022	2,033
Additions	570
Depreciation	(257)
Net book value on 30 September 2022	**2,347**
Period ended 30 September 2021	
Net book value on 1 January 2021	226
Additions	1,603
Depreciation	(12)
Net book value on 30 September 2021	**1,817**
Period ended 31 December 2021	
Net book value on 1 January 2021	226
Additions	1,839
Depreciation	(32)
Net book value on 31 December 2021	**2,033**

4. Right-of-use

The Company entered into a lease agreement in November 2016 relating to the property building of its US headquarters in San Jose, CA. The lease in San Jose expires in September 2028. 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.

	Lease liability
Lease liability recognized at 1 January 2022	12,175
Lease payment (see note below)	(1,579)
Interest expense	640
Lease liability as of 30 September 2022	**11,236**

In the statement of cash flow, principal portions of lease payments are included in line "Lease payment" with an amount of USD 939 thousand, and interest portions of the payments are included in line "Interest paid" with an amount of USD 640 thousand. Both of them are presented as cash flow from financing activities.

For maturity schedule of minimum lease payments, see Note 11.

5. Shares, subscription rights and warrants

Number of shares	
Shares at 1 January 2022	194,055,317
Shares at 30 September 2022	**216,728,498**
Shares at 1 January 2021	109,505,354
Shares at 31 December 2021	**194,055,317**

Number of subscription rights	1 January - 30 September 2022	1 January - 30 September 2021	1 January – 31 December 2021
Subscription rights opening balance	21,278,755	9,352,064	9,352,064
Grant of incentive subscription rights	3,101,500	12,797,039	13,577,039
Terminated, forfeited and expired subscription rights	(2,291,544)	(868,063)	(1,650,348)
Exercise of subscription rights	(737,996)	—	—
Subscription rights closing balance	**21,350,715**	**21,281,041**	**21,278,755**

Number of warrants	1 January - 30 September 2022	1 January - 30 September 2021	1 January – 31 December 2021
Warrants opening balance	—	75,464,686	75,464,686
Allotment of warrants	18,518,518	—	—
Exercise and expiry of warrants	(9,259,259)	(75,464,686)	(75,464,686)
Warrants closing balance	**9,259,259**	**0**	**0**

The board of directors resolved on 11 January 2022 to issue a total of 90,000 incentive subscription rights (as adjusted for the 9:1 share consolidation in March 2022) 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 6.30 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 January 2022 to issue in total 116,672 ordinary shares at a subscription price of NOK 2.97 per share to a former employee who has exercised incentive subscription rights granted under the 2020 incentive subscription rights plan.

On 2 February 2022, the Company announced the completion of a private placement of 13,951,267 shares (Tranche 1) (as adjusted for the 9:1 share consolidation in March 2022) and an allocation of 4,567,252 shares (Tranche 2) (as adjusted for the 9:1 share consolidation in March 2022) at a subscription price of NOK 5.40 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 Tranche2, the warrants associated with Tranche 1 and Tranche 2, and a 9:1 share consolidation. The share capital increase associated with Tranche 2 has been duly registered in the Register of Business Enterprises.

Following completion of the 9:1 share consolidations, the composition of Ensurge's share capital was changed from 1,914,208,208 shares, each having a par value of NOK 0.11, to 212,690,508 shares, each having a par value of NOK 0.99. The registration date of the share consolidation was 11 March 2022.

The private placement included two non-tradeable warrants for every share subscribed for in the private placement in February 2022 at no additional cost and with an exercise price equal to NOK 5.40. 50% of the private placement warrants expired on 30 June 2022 and the remaining 50% is exercisable on 30 November 2022.

The board of directors resolved on 3 May 2022 to issue a total of 161,500 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 3.6422 per share. The subscription rights vest by 50% per year over two years and expire on 3 June 2026.

The Annual General Meeting resolved on 25 May 2022 to issue a total of 2,000,000 incentive subscription rights to new members of the board of directors in the Ensurge group. The exercise price of the subscription rights is NOK 2.50 per share. The subscription rights vest over two years, in equal quarterly terms, starting three months after the date of grant (12.5% per quarter) and expire on 25 May 2027.

The Board of Directors resolved on 13 June 2022 to issue in total 621,324 shares with an exercise price of NOK 1.35 per share to a former board member who has exercised incentive subscription rights granted in accordance with the 19 August 2020 resolution by the Extraordinary General Meeting.

On 24 July 2022, the Company announced that it secured funding totaling NOK 57 million. Of this amount, NOK 46.7 million represents commitments to subscribe for convertible loans, the balance of NOK 10.3 million in new shares via a private placement. The convertible loans were approved at the Extraordinary General Meeting held 17 August 2022. The Board of Directors has authorization from the Annual General Meeting held 25 May 2022 to complete a private placement. The Convertible Loans are repayable after one year following the date of the EGM (the "Maturity Date") and the lenders are entitled at any time after six months from the EGM until the Maturity Date to convert the loans into shares in the Company at a conversion price of NOK 3.00. The Convertible Loans carry interest at the rate of 5% per annum.

The board of directors resolved on 23 August 2022 to issue a total of 850,000 incentive subscription rights to employees in the Ensurge group. The grants were made under the Company's 2022 incentive subscription rights plan as resolved at the Annual General Meeting on 25 May 2022. The exercise price of the subscription rights is NOK 3.4320 per share. The subscription rights vest by 50% per year over two years and expire on 25 May 2027.

On 8 November 2022, the Company announced funding of approximately NOK 55 million in a private placement, split into 2 tranches. The first tranche, completed on 8 November 2022 totals 18,256,183 shares at NOK 2.00 per share. The Ensurge Board approved Tranche 1 of the private placement. The shares allocated to Tranche 2 total 9,243,817 at NOK 2.00 per share. Tranche 2 is subject to approval by an EGM of the Company on 1 December 2022.

6. Profit (loss) per share

	1 January – 30 September 2022	1 January – 30 September 2021	1 January – 31 December 2021
Profit (loss) attributable to shareholders (USD 1000)	(16,502)	(25,095)	(30,995)
Weighted average basic number of shares in issue	210,907,783	137,869,618	194,055,317
Weighted average diluted number of shares	210,907,783	137,869,618	194,055,317
Profit (loss) per share, basic and diluted	**(USD 0.08)**	**(USD 0.17)**	**(USD 0.16)**

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.

The weighted average basic and diluted number of shares have been adjusted to reflect the 9:1 share consolidation completed 11 March 2022.

7. Guarantees

As a part of the relocation of Ensurge's US headquarters in 2017, a USD 1,600 thousand Letter of Credit has been issued by Ensurge Micropower ASA to the landlord. Ensurge Micropower ASA has, in addition, entered into a Tenancy Guarantee with the landlord. The guarantee is 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.

8. Trade and other receivables

Amounts in USD 1,000	30 September 2022	30 September 2021	31 December 2021
Customer receivables	138	—	174
Other receivables, prepayments	1,160	1,157	881
Less: provision for impairment of receivables and prepayments	(114)	(136)	(140)
Sum	**1,184**	**1,021**	**915**

Other non-current financial receivables of USD 574 thousand relates to security deposit held by Utica Leaseco, LLC.

9. Operating costs

Amounts in USD 1,000	1 January - 30 September 2022	1 January - 30 September 2021	1 January - 31 December 2021
Payroll	6,755	5,366	7,307
Share-based remuneration	3,515	3,552	4,933
Services	1,358	1,509	2,130
Premises, supplies	3,468	2,999	3,913
Sales and marketing	94	138	167
Other expenses	852	853	1,079
Total operating costs	**16,042**	**14,416**	**19,530**

10. Related party transactions

In the period 1 January to 30 September 2022 and 2021, Ensurge recorded USD 215 thousand and USD 294 thousand, respectively (net of VAT) for legal services provided by law firm Ræder, in which Ensurge's Chairman is a partner.

In the period 1 January to 30 September 2022 and 2021, Ensurge recorded USD 145 thousand and USD 116 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 36 thousand for a share lending agreement with Alden AS, a shareholder of Ensurge.

As of 30 September 2022, the portion of 'Trade and other payables' attributable to related parties is USD 49 thousand.

11. Current and long-term debt

In September 2019, the US subsidiary, Ensurge Micropower, Inc., closed an equipment term loan facility with Utica Leaseco, LLC for USD 13,200 thousand, secured by select fixed assets (see Note 3).

On 7 November 2022, the Company consolidated and reamortized the Master Lease Agreement and three amendments with Utica Leaseco, LLC ("Utica"). In connection with the new arrangement, the company has pledged additional collateral to secure the amended payment terms. In addition to the existing collateral pledge, Ensurge has pledged all remaining unsecured equipment located in the San Jose, California facility. Further, Utica has taken a first security position in certain of Ensurge Micropower ASA's intellectual property.

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 2021 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.

At 30 September 2022, the current portion of the loan principal is USD 4,388 thousand. The long-term portion of the principal of USD 2,495 thousand is recorded as Long-term Debt in the Consolidated Statements of Financial Position.

The Company has pledged its roll-to-roll production line equipment, certain sheet-line tools, and certain intellectual property 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. 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 30 September 2022, 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 4.

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

On 24 July 2022, the Company announced that it secured funding totaling NOK 57 million. Of this amount, NOK 46.7 million represents commitments to subscribe for convertible loans. The Convertible Loans were approved at the Extraordinary General Meeting held 17 August 2022. The Convertible Loans are repayable after one year following the date of the EGM (the “Maturity Date”) and the lenders are entitled at any time after six months from the EGM until the Maturity Date to convert the loans into shares in the Company at a conversion price of NOK 3.00. See Note 13.

Maturity schedule — liabilities

30 September 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2024	2025	2026	2027-2028
Principal obligations due	1,028	1,073	1,120	1,169	1,221	1,275	—	—	—
Interest payments	285	239	192	143	91	38	—	—	—
Lease payments	542	542	542	542	558	2,246	2,311	2,378	4,322
Convertible debt, including interest	—	—	4,524	—	—	—	—	—	—
Total current and long-term debt	**1,855**	**1,854**	**1,854**	**6,378**	**1,870**	**3,559**	**2,311**	**2,378**	**4,322**

12. Warrants liability

On 2 February 2022, the Company announced the completion of a private placement of 125,561,401 shares (Tranche 1) (as adjusted for the 9:1 share consolidation in March 2022) and an allocation of 41,105,265 shares (Tranche 2) (as adjusted for the 9:1 share consolidation in March 2022) at a subscription price of NOK 5.40 per share, resulting in gross proceeds of NOK 100 million. 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 5.40. 50% of the private placement warrants expired on 30 June 2022 and the remaining 50% is exercisable on 30 November 2022.

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 share capital increase associated with Tranche 1 and Tranche 2 have been duly registered in the Register of Business Enterprises.

The exercise price of the warrants is denominated in Norwegian Kroner (NOK); however, the functional currency of the Company is the US Dollar. As a result of this difference in currencies, the proceeds that were received by the Company were not fixed and varied based on foreign exchange rates. The warrants were a derivative and were required to be recognized and measured at fair value at each reporting period. 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), in accordance with IFRS 13. 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 will be reclassified to share capital. The non-cash liability associated with any warrants expired unexercised was recorded as a gain in the consolidated statement of net loss/(income) and comprehensive loss/(income). There are no circumstances in which the Company would be required to pay any cash upon exercise or expiry of the warrants. A reconciliation of the change in fair values of the derivative is below:

	Fair value of warrant liability		
	As of 30 September 2022	As of 30 September 2021	As of 31 December 2021
Opening balance	$—	$26,020	$26,020
Warrants issued	434	—	—
Warrants exercised	—	(34,638)	(32,404)
Warrants expired	(169)	—	—
Change in fair value of warrant liability	(265)	8,637	(2,234)
Ending balance	—	19	8,637
Deferred loss	—	(19)	(19)
Warrants liability	**—**	**—**	**—**

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

Private placement and subsequent offering as approved on 24 February 2022	As of 30 September 2022
	Tranche 2 Warrant
Share price	NOK 1.99
Exercise price	NOK 5.40
Expected term (in years)	0.17
Expected share price volatility	38.73%
Annual rate of quarterly dividends	0.00%
Risk-free interest rate	3.52%
Warrant expiration date	30 November 2022

See Note 5 for more details.

13. Convertible debt

On 24 July 2022, the Company announced that it secured funding totaling NOK 57 million. Of this amount, NOK 46.7 million represents commitments to subscribe for convertible loans. The Convertible Loans were approved at the Extraordinary General Meeting held 17 August 2022. The Convertible Loans are repayable after one year following the date of the EGM (the “Maturity Date”) and the lenders are entitled at any time after six months from the EGM until the Maturity Date to convert the loans into shares in the Company at a conversion price of NOK 3.00. The Convertible Loans carry interest at the rate of 5% per annum.

The Convertible Loans are denominated in Norwegian Kroner (NOK); however, the functional currency of the Company is the US Dollar. As a result of this difference in currencies, the proceeds that were received by the Company were not fixed and varied based on foreign exchange rates. A portion of the loans, the conversion feature, is a derivative required to be recognized and measured at fair value at each reporting period. Any changes in fair value in the Convertible Loans from period to period is recorded as a non-cash gain or loss in the consolidated statement of net loss/(income) and comprehensive loss/(income), in accordance with IFRS 13. The Convertible Loans, including accrued interest, are classified as short-term liability at amortized cost. The conversion feature derivative liability is classified as short-term held-for-trading liability. The derivative liability is measured using Black Scholes valuation model.

A summary of the Convertible Loans terms and valuation is below:

	30 September 2022
Short term debt	$4,788
Derivative liabilitiy	1,524
Accrued interest	23
Conversion price	NOK 3.00
Interest rate	5%
Maturity date	17 August 2023

14. Events occurring after the balance sheet date

On 7 November 2022, the Company consolidated and reamortized the Master Lease Agreement and three amendments with Utica Leaseco, LLC (“Utica”). In connection with the new arrangement, the company has pledged additional collateral to secure the amended payment terms. In addition to the existing collateral pledge, Ensurge has pledged all remaining unsecured equipment located in the San Jose, California facility. Further, Utica has taken a first security position in certain of Ensurge Micropower ASA’s intellectual property.

On 8 November 2022, the Company announced funding of approximately NOK 55 million in a private placement, split into 2 tranches. The first tranche, completed on 8 November 2022 totals 18,256,183 shares at NOK 2.00 per share. The Ensurge Board approved Tranche 1 of the private placement. The shares allocated to Tranche 2 total 9,243,817 at NOK 2.00 per share. Tranche 2 is subject to approval by an EGM of the Company on 1 December 2022.

Payment of Tranche 2 is expected on or about 1 December 2022, however, the Tranche 2 Offer Shares will not be tradable until a prospectus has been approved by the Financial Supervisory Authority of Norway.

The Board will further propose to the EGM that a subsequent offering of new shares in the Company is carried out at a subscription price per share equal to the subscription price in the private placement. The maximum amount of the subsequent offering would be NOK 15 million. The subsequent offering would be subject to among other things (i) completion of the private placement, (ii) relevant corporate resolutions including approval by the EGM, (iii) prevailing market price of Ensurge’s shares being higher than the Subscription Price, and (iv) approval of the Prospectus by the Financial Supervisory Authority of Norway.