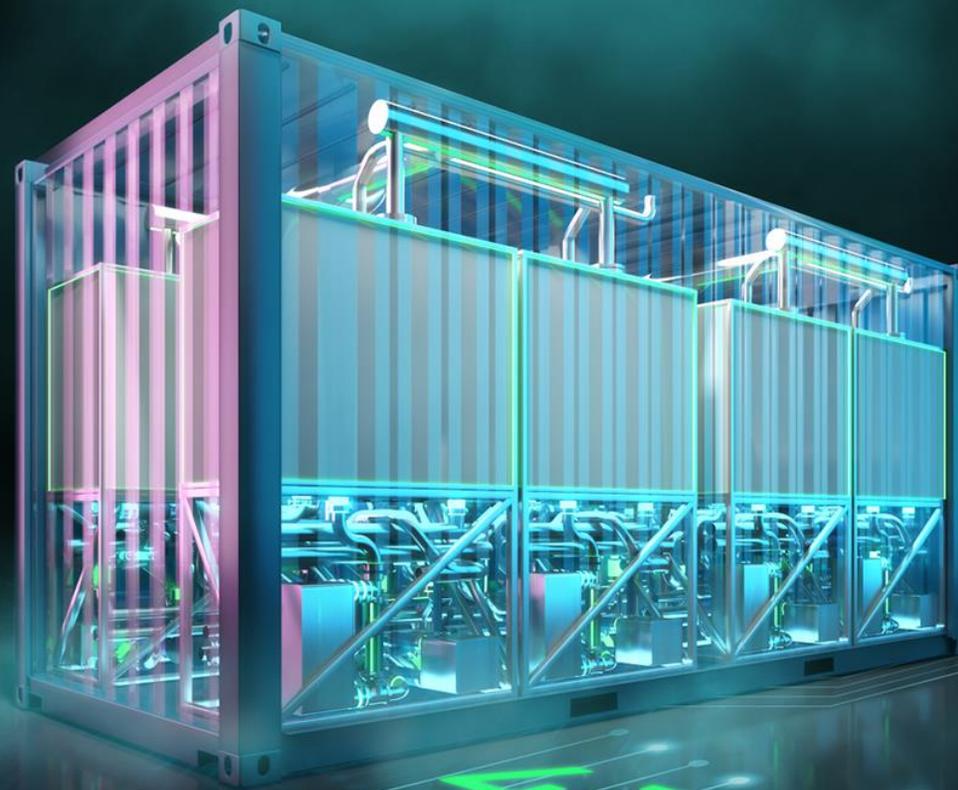




Quarterly Report Q1 2022

31.05.2022



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HORSEPOWER

CEO LETTER

On a mission towards zero-emission

Through Q1, there has been a chain of global events, supply chains have been disrupted, energy dependencies have changed, and the EU has increased their focus on production of renewable energy. The EU has also recently approved a proposal to speed up the incorporation of shipping in the Emission Trading Scheme (ETS). This is good news for the climate, and industry, as we are facing the largest challenge in the history of shipping, how to reduce environmental impacts while global trade is increasing.

In the first quarter of 2022, we have achieved some important milestones, signed a strategic cooperation agreement with a local player in the Kingdom of Saudi Arabia, Al-Misehal Group, with the intention of establishing a joint venture. Several other agreements were signed with potential project partners for other hydrogen fuel cell projects in the Nordics.



Tore Enger



On March 1st, 2022, the Norwegian prime minister, Jonas Gahr Støre, visited our facility in Narvik with great enthusiasm for the planned production facility. The visit was as he expected and in line with the Norwegian Government’s strategy of creating a green industrial technology hub in Norway.

Going forward, I am confident that the fuel cell projects we are involved in will further materialize and lead to great emission savings for the maritime industry. The industrialization project in Narvik will move according to plan, and final decisions regarding production equipment will be made. When it comes to carbon capture and storage, we are still evaluating various CCS technologies and decisions will be made sooner rather than later. There is no doubt that the maritime shipping industry has high demand for such systems.

For now, I want to thank all our stakeholders, and especially those participating in our convertible bond loan of MNOK 70 which was raised two days ago, for their trust in the Company towards our journey of zero emission shipping and heavy-duty industry. We are striving to achieve our common goals of a clean future and contributing on our parts towards zero emission mobility.

Lysaker, Norway, May 31st, 2022

Tore Enger
Chief Executive Officer of TECO 2030 ASA

100 000 UNITS ALL OVER THE WORLD

to invest in new equipment due to stricter climate regulations, forward targets



DEFINED IMO GOALS, BASELINE YEAR 2008¹

- 40% reduction of CO₂ emissions by 2030
- 70% reduction of CO₂ emissions by 2050
- 50% reduction of GHG emissions by 2050

PROPOSALS TOWARDS SHIPPING FROM THE EUROPEAN COMMISSION²

- 2% GHG reductions from January 1, 2025
- 6% from 2030,
- 13% from 2035,
- 26% from 2040,
- 59% from 2045, and
- 75% from 2050





Fuel Cell Module – FCM400

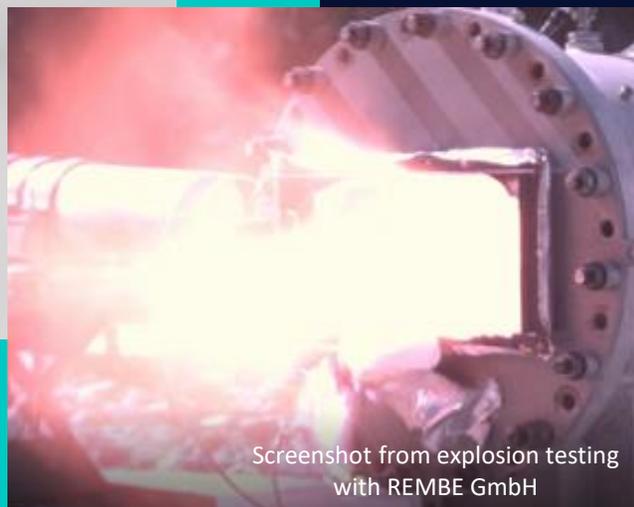
FCM400

Fuel Cell development

The start of 2022 has been an intensive period for the Fuel cell development project. Within February the milestone “Concept Design Release and Components Requirement Freeze” was achieved. This gateway being passed triggered the close alignment with sub suppliers for the FCM400. Many suppliers of components have been nominated, of which some letters of intent have been signed and purchase orders placed. TECO 2030 has a clear focus in creating long term partnership agreements with its critical component suppliers.

Within Q2, TECO 2030 and AVL paid a visit to DNV Hamburg to closely align on our type approval application. The 2-day in person meeting held in Hamburg, allowed for detailed discussion on open technical topics, as well as alignment of the roadmap to type approval.

Safety being a top priority in TECO 2030’s design, TECO 2030 has commissioned REMBE GmbH to complete some explosion testing. The testing has given TECO 2030 physical data to validate it’s concept design.



Screenshot from explosion testing
with REMBE GmbH

NARVIK

Factory development

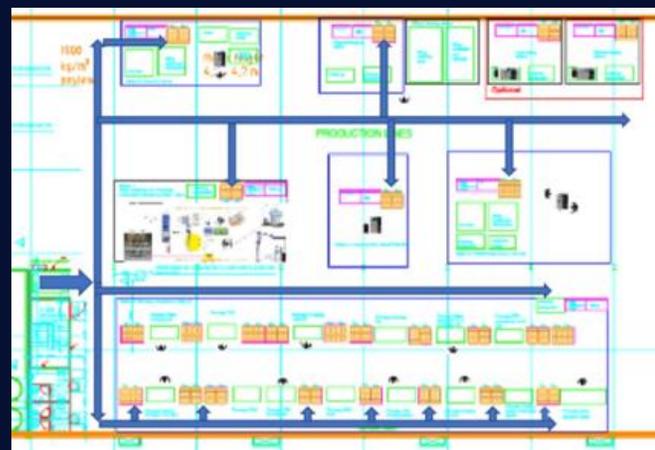
During Q1 2022 we completed Phase 02 – Production Concept Planning Phase according to schedule, and are well under way with Phase 03 – Production Layout Planning Phase. The production of fuel cells will commence during Q4 2023, but the pilot production will start already late 2022 at AVL's premises in Graz, Austria.

The detail planning of the first production line and the belonging equipment is being made in close cooperation with the factory establishment team at AVL. TECO 2030 is currently evaluating offers from major European industry corporations for the delivery of all necessary equipment in order to be ready for the production start in Q4 2023. The equipment is to be ordered during Q3 2022.

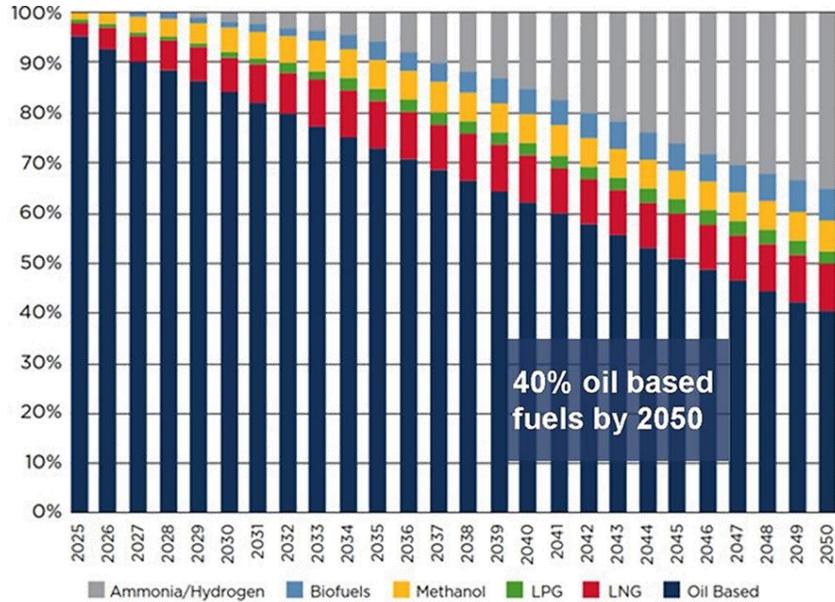
TECO 2030 is also progressing well on the financing of the production line and all belonging equipment.



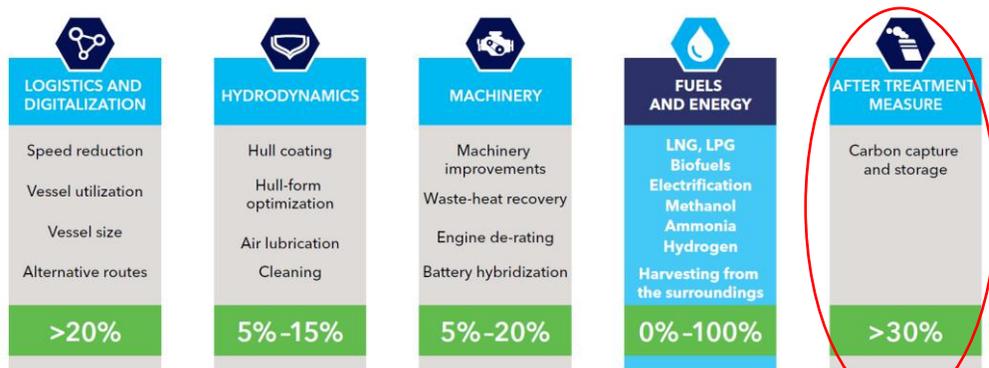
From a workshop at Lysaker in late May 2022 with the four employees in Narvik and the fuel cell project departments.



Production line layout



Source: IMO, American Bureau of Shipping (ABS)



DNV 2021: Maritime Forecast to 2050

CARBON CAPTURE AND STORAGE (CCS)

Green transition within the maritime sector

Across the world, ship-owners will have to make their vessels more environmentally friendly.

Carbon neutral fuels

The share of ships that run on carbon-neutral fuels is expected to increase over the coming years and decades.

Fossil based fuels

Heavy fuel oil and marine gas oil will, however, remain an important marine fuel for decades. According to ABS over 40% of fuel will be oil based in 2050 and over 50% fossil-based fuel will be used for marine transport.

Carbon Capture and Storage onboard

DNV predicts over 30% of maritime decarbonization will be done by CCS technology.

DEVELOPMENT UPDATE CCS

- Ongoing work on case studies for different ships.
- Performed two theses together with UIT:
 - Material selection for CCS equipment for maritime applications
 - Feasibility Study of Carbon Capture process for Maritime Industry
- An approval in Principle (AiP) process together with classification society has started and is assumed completed by end of Q3 2022.
- CCS is being recognized as one of the important technologies for maritime decarbonization. This leads to significant interest from shipowners around the world.
- In addition to the Cryogenic Technology, TECO 2030 is evaluating alternative CCS technologies as well in order to offer suitable CCS solutions for all shipping segments.



Representatives from TECO 2030 and Chart Industries Inc inspecting Chart's cryogenic CCS pilot unit in Utah (US) in April 2022.

OPERATIONAL HIGHLIGHTS Q1 2022

There has been a series of highlights and great progress through Q1 2022. Some of the highlights are summarized below:

TECO 2030 raised approx. 6.7 MNOK in new equity through one private placement.

TECO 2030 signed MoU with Gen2 Energy to investigate supply of green hydrogen from Gen2 Energy for relevant projects while Gen2 Energy will involve TECO 2030 Marine Fuel Cells in Gen2 Energy's seaborne value chain.

TECO 2030 signed a strategic cooperation agreement with Al Misehal Group in the Kingdom of Saudi Arabia (KSA). The strategic cooperation agreement aims to result in a Joint Venture between the parties with the purpose of conducting business which will reduce environmental impact in the KSA.

On March 1st 2022, the Norwegian Prime Minister Jonas Gahr Støre visited our Innovation Center in Narvik, and he was very interested to hear about the fuel cell production plans and the facility itself. Mr. Støre also mentioned how TECO 2030's plans were aligned with the Governments plans of reducing GHG emissions and creating a leading environment in Norway for green technologies.

TECO 2030 sold 2 BWTS systems through Q1 2022. The systems will be delivered during Q2 2022 so none of the systems impact the financial results in Q1 2022.

TECO 2030 signed Letter of Intent with Narvik Hydrogen AS to cooperate on relevant projects with the aim of developing a complete hydrogen value chain.



Prime Minister Jonas Gahr Støre and TECO 2030, Group CEO Tore Enger visiting TECO 2030 Innovation Center.

OPERATIONAL HIGHLIGHTS AFTER Q1 2022

- On May 29, TECO 2030 successfully closed a NOK 70.6 million convertible bond loan. The loan has a three years maturity profile and is convertible every six months. The loan is secured by third rank pledge in the factory building in Narvik. The loan was raised among 10 investors.
- Sold 1 BWTS System to AVANGARD II, a contract worth approx. 1 MNOK. Estimated delivery is Q3 2022.



Photo of M/Y AVANGARD II

FINANCIAL HIGHLIGHTS Q1 2022

TECO 2030 is still in a development phase. The revenue of MNOK 3.4 during Q1 2022 is mainly from the sale of ballast water treatment systems sold in Q4 2021 with delivery in Q1 2022. The Group sold two more ballast water treatment systems during Q1 2022, but their delivery is expected to take place during Q2 2022 and hence no P&L-effect in Q1.

<i>NOK'000</i>	Q1 2022	Q1 2021	FY 2021
Revenue and other income	3 408	1 194	12 809
EBITDA	-15 817	-12 562	-44 993
EBIT	-18 667	-13 475	-52 290
CAPEX and R&D capitalization	17 805	2 327	35 430
Total assets	239 200	79 267	260 823
Total equity	92 446	53 397	104 587

TECO 2030 Q1 2022 Financial key figures

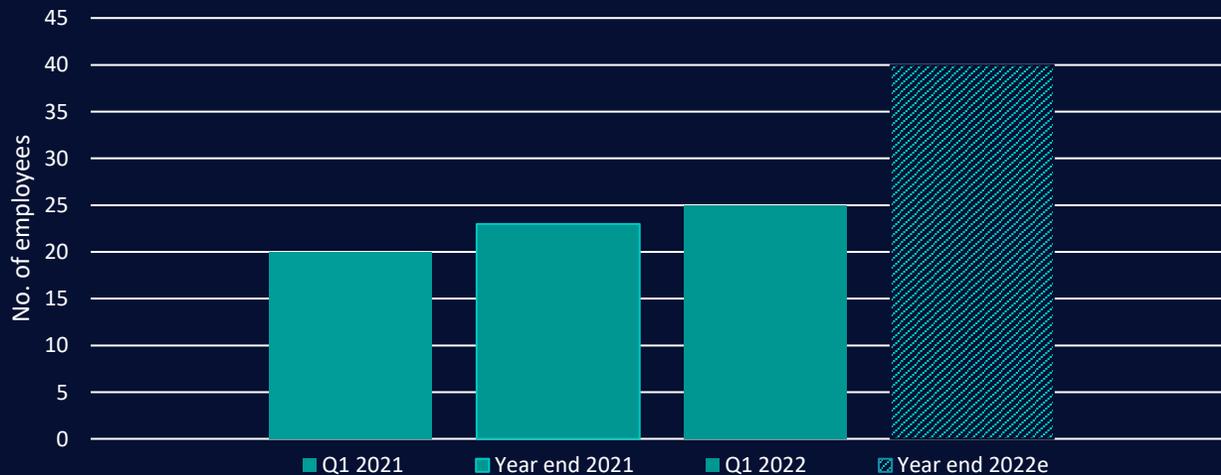
The EBITDA ended negative by NOK 15.8 million, which is in accordance with the expectations for the quarter. The increase in operational expenses compared to Q1 2021 are related to the Group's ramp-up in Narvik and in the development department on Lysaker.

Most of the Group's focus and resources are put into the development of TECO 2030's technologies and, during Q1 2022, a total of NOK 17.8 million have been capitalized as non-current assets.

These expenses are made up of both external consultants and internal personnel expenses, primarily related to the development of the TECO 2030 Marine Fuel Cells. During Q1 2021, the comparable number was NOK 2.3 million, accentuating the substantial progress.

EMPLOYEE STATUS AND PROJECTIONS

Development in number of employees



The TECO 2030-team of employees is growing steadily and is in accordance with the Group’s plans for the ramp-up process. As per end of Q1 2022, the Group employed 25 people. The majority of these are working on the fuel cell development project. Four of these employees are located in Narvik, and they will fill the first important positions in the factory build-up.

As per the reporting date, another five employees have been committed to commence in various future positions. Four of these will be located in Narvik.

TECO 2030 is constantly seeking for competent personnel and the Group aims to reach a total of approx. 40 employees by the end of 2022. Out of these 40, 12 are planned to be positioned in Narvik.



Appendixes

NARVIK PORT AUTHORITY

POWERED BY **TECO**
2030

TECO
2030

www.teco2030.no

APPENDIXES QUARTERLY REPORT Q1 2022

Condensed income statement

Amounts in NOK'000	Q1 2022 (Unadited)	Q1 2021 (Unadited)
Total revenue	3 408	1 194
Costs of goods sold	-2 921	-689
Personnel expenses	-8 645	-9 763
Other operating expenses	-7 659	-3 303
EBITDA	-15 817	-12 562
Depreciation and amortisation	-2 851	-913
EBIT	-18 667	-13 475
Net financial income (expense)	-942	217
Profit (loss) before tax	-19 610	-13 258
Earnings (loss) per share in NOK (basic and diluted)		

APPENDIXES QUARTERLY REPORT Q1 2022

Statements of financial position

Amounts in NOK'000	Q1 2022 (Unadited)	Q1 2021 (Unadited)	01.01.2021- 31.12.2021 (Audited)
ASSETS			
Non-current assets			
Intangible assets	71 677	23 702	54 604
Right-of-use assets	100 845	864	98 566
Finance lease receivables	15 034	-	17 908
Other non-current assets	3 894	3 483	3 853
Total non-current assets	191 450	28 049	174 931
Current assets			
Trade and other receivables	22 467	15 486	17 783
Inventories	6 895	10 444	8 490
Cash and cash equivalents	18 389	25 287	59 619
Total current assets	47 751	51 218	85 891
TOTAL ASSETS	239 201	79 268	260 824

Amounts in NOK'000	Q1 2022 (Unadited)	Q1 2021 (Unadited)	01.01.2021- 31.12.2021 (Audited)
EQUITY AND LIABILITIES			
Equity			
Share capital	1 420	1 240	1 404
Other equity	91 026	52 157	103 183
Total equity	92 446	53 397	104 587
Non-current liabilities			
Non-current lease liabilities	117 263	-	117 331
Other non-current liabilities	375	375	375
Total non-current liabilities	117 638	375	117 706
Current liabilities			
Current lease liabilities	4 901	875	4 002
Trade and other payables	16 785	13 093	26 041
Other current liabilities	7 431	11 527	8 487
Total current liabilities	29 116	25 495	38 531
Total liabilities	146 754	25 870	156 236
TOTAL EQUITY AND LIABILITIES	239 201	79 268	260 824

APPENDIXES

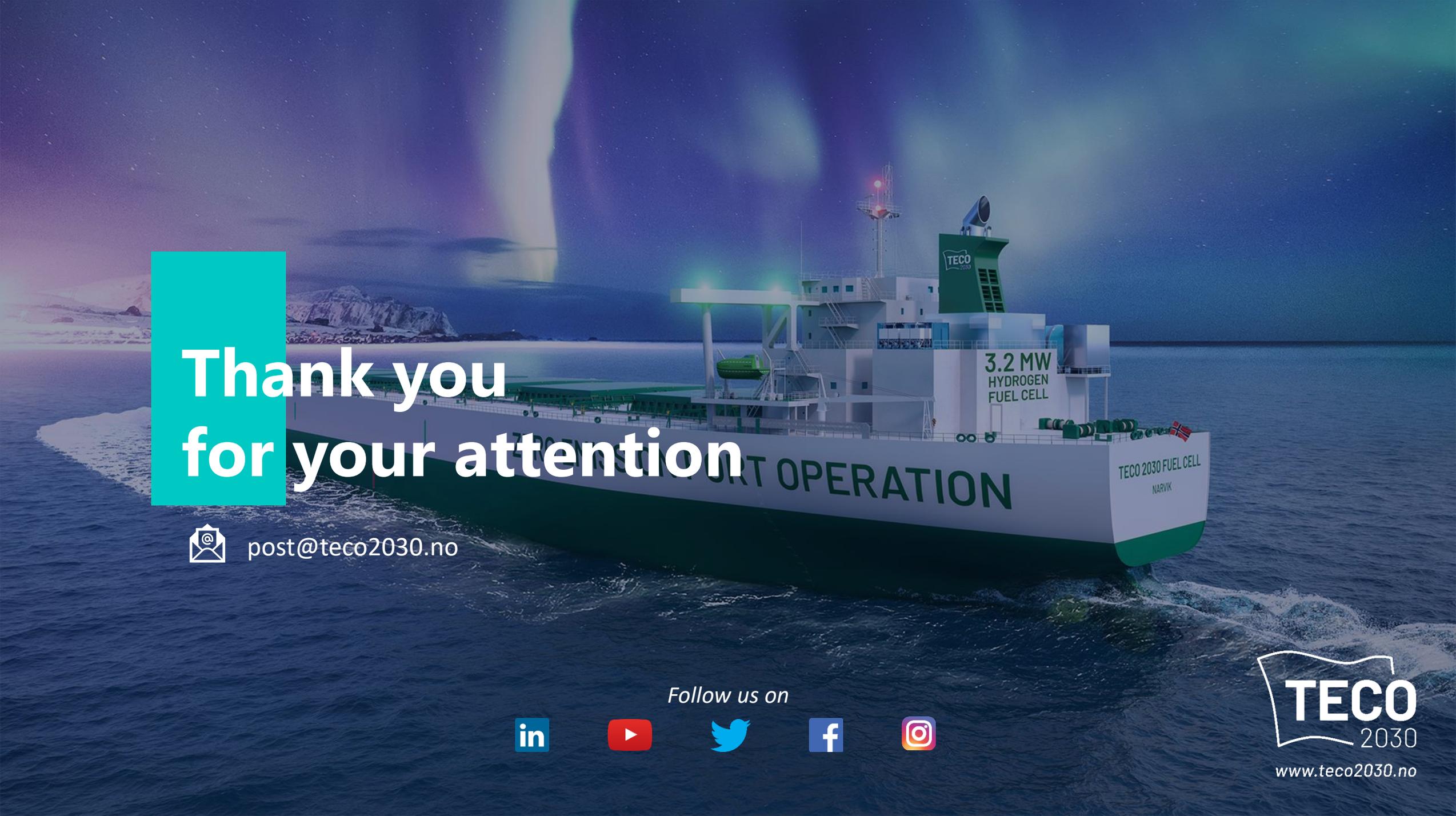
QUARTERLY REPORT

Q1 2022

Condensed statements of cash flow

Amounts in NOK	Q1 2022 (Unaudited)	Q1 2021 (Unaudited)
Cash flows from operating activities		
Loss before tax	-19 610	-13 258
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Net financial income/expense	-942	217
Share based payments	679	1 109
Depreciation, amortisation and impairment	2 851	913
<i>Changes in working capital:</i>		
Changes in trade receivables and trade payables	-15 220	2 675
Change in inventories	1 595	-4 360
Other adjustments	2 411	-
Net cash flows from operating activities	-28 238	-12 702
Cash flow from investing activities		
Purchase of property, plant and equipment	-139	-253
Development expenditures	-17 805	-2 327
Placement in deposit	-	-2 900
Net cash flows from investing activities	-17 943	-5 480
Cash flow from financing activities		
Cash proceeds from issuance of equity	6 702	-
Cash payments for the principal portion and interest of the lease liability	-2 290	-248
Cash received for the principal portion of the sublease receivables	539	-
Net cash flows from financing activities	4 952	-248
Net increase/(decrease) in cash and cash equivalents	-41 229	-18 430
Cash and cash equivalents at beginning of the period	59 619	43 717
Cash and cash equivalents, end of period	18 389	25 289

The statement of cash flows are prepared using the indirect method.

A large white and green ship, the TECO 2030 Fuel Cell, is shown at night sailing on the ocean. The ship has a prominent green funnel with the TECO 2030 logo. Text on the side of the ship reads "3.2 MW HYDROGEN FUEL CELL" and "ZERO EMISSION PORT OPERATION". The ship's name "TECO 2030 FUEL CELL" and "NARVIK" are visible on the stern. The background features a dark sky with the aurora borealis and a snowy coastline.

Thank you
for your attention



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