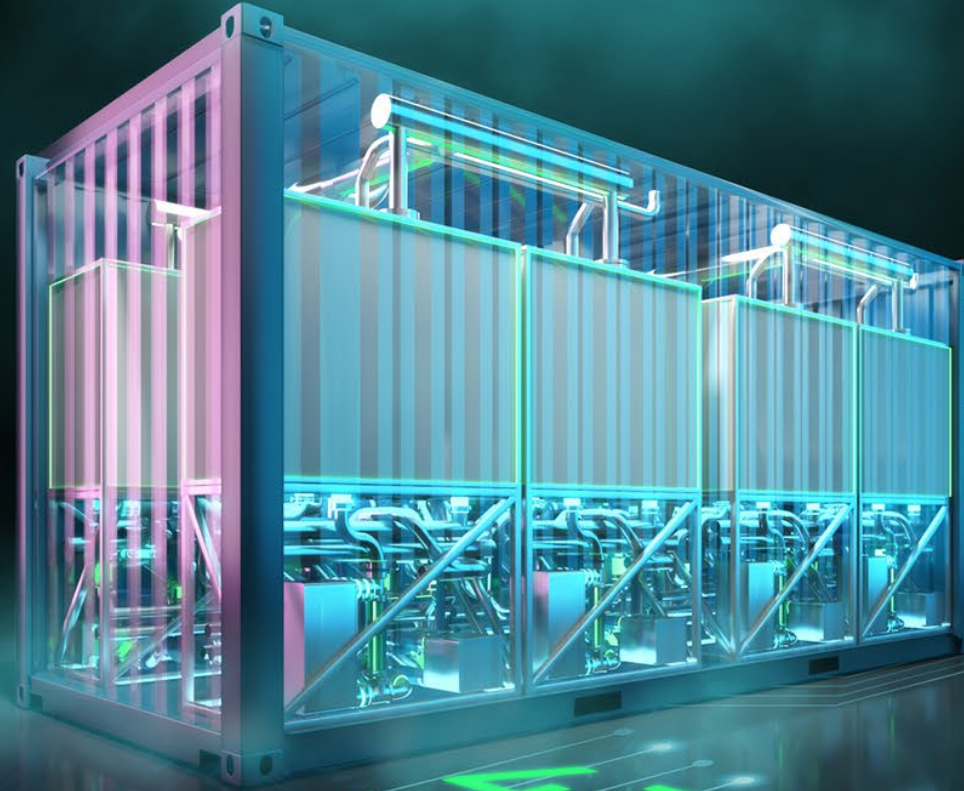




# Quarterly Report Q3 2022

11.11.2022



4520  
HORSEPOWER



Tore Enger

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# CEO LETTER

## On a mission towards zero-emission

The company has evolved on all aspects and is moving closer to start of production. In December we will be able to physically touch our first fuel cell stack, something that I am looking very much forward to. Then we can move towards a new phase of validating our fuel cell in a handful pilot projects through 2023, before moving into automated production in Q1 2024. The energy crisis and security situation hasn't changed significantly over this quarter, and we need to secure that the entire hydrogen value chain moves towards realizing projects and building infrastructure. This is also an important factor in moving towards a net-zero carbon future. TECO 2030 is proud to be a key player in realizing fuel cell projects in the Nordic and EU regions.

During the third quarter, we ignited several of new partnerships and projects, as well as achieving exciting progress in the projects we already were involved in. The strategic progress was made on our fuel cell production line project, where we signed an MoU with thyssenkrupp for an automated production line at our factory in Narvik, Norway. This moves us one step closer to installing and commissioning Europe's first gigafactory for heavy-duty and maritime fuel cells.



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Another milestone was reached in our strategic partnership with AVL, TECO 2030 will deliver fuel cell stacks to AVL's HyTruck Fuel Cell system. The first DemoTruck will be on the road with TECO 2030 stacks mid-2023. This marks the beginning of our second revenue stream with the Fuel Cell stacks, that can easily be modified to other fuel cell systems. A large step towards decarbonizing heavy-duty industries enabling green mobility at large scale. The DemoTruck aims to enable the future of trucking, with an easy plug and play retrofit zero emission hydrogen fuel cell solution.

Four local municipalities in Norway launched this past summer a tender for a zero-emission high-speed ferry concept and three consortiums were granted NOK 5 million each to develop the concept vessel. In this regards, TECO 2030 launched the concept HySpeed Commuter, a fuel cell powered high-speed ferry as a part of the concept tender. The winner of the concept phase will be granted the project to build the vessel.

Through the quarter we attended several events, exhibitions and conferences which gave us a broad exposure to several industries and political arenas. The attention to zero emission fuel alternatives is increasing for every event we attend, and the focus to collaborate on realizing projects is enormous. The results from events and conferences are important to generate organic growth through visibility and an open-minded approach to share our expert knowledge of fuel cells.

As the industry is seeking new technologies to reduce harmful pollutants, zero emission fuel cells is what we are continuing to pursue our focus on. Fuel Cells in combination with green hydrogen is the way forward for shipowners, heavy duty machinery operators and others who are under pressure to reduce harmful gases.

I am confident that the future will be hectic for us, and our industry when trying to deliver, realize and build a complete value chain for the next sustainable energy source.

Lysaker, Norway, November 11<sup>th</sup> 2022

Tore Enger  
Chief Executive Officer of TECO 2030 ASA



# WORLDWIDE HYDROGEN INITIATIVES & FUNDING PROGRAMS



European Commission

- **REPowerEU plan**
  - Independence from Russian fossil fuel imports
  - Support investments/reforms worth € 300 billion
  - € 3 billion of frontloaded projects under the Innovation Fund
  - Hydrogen accelerator for 17.5 Gigawatt electrolyzers by 2025 → production of 10 million metric tons renewable hydrogen within EU
- **Fit-for-55**
  - Reduction of greenhouse gas emission by 55% till 2030
  - Make EU climate neutral by 2050



Biden-Harris Administration

- **U.S. Department of Energy funding program**
  - Total of \$ 9.5 billion funding by DOE
    - \$ 8 billion for clean hydrogen hubs
    - \$ 1 billion for electrolysis R&D
    - \$ 0.5 billion for manufacturing and recycling R&D
- **Inflation Reduction Act**
  - \$ 3 tax credit per kg hydrogen produced with renewable energy
- **“1 1 1” → \$1 for 1 kg clean hydrogen in 1 decade**



Japan's energy strategy

- **Hydrogen key role**
- **Green Innovation Fund → JPY 2 trillion (~ \$ 13.5 billion)**
  - By New Energy and Industrial Technology Development Organization (NEDO)
- **Hydrogen consumption forecast**
  - 2030 → 3 million metric tons
  - 2050 → 20 million metric tons
- **Fuel cell vehicle (FCVs) forecast**
  - 2025 → 200,000 FCVs
  - 2030 → 800,000 FCVs





Fuel Cell Module – FCM400



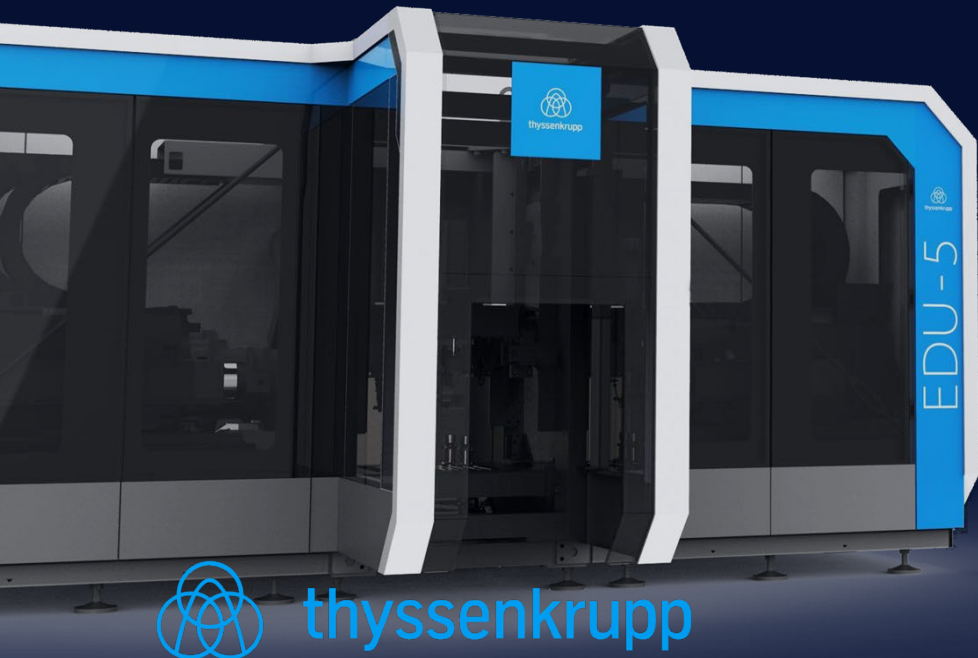
FC Stack 100kW

# FCM400

## Fuel Cell development

The Fuel Cell development project has progressed according to schedule during the third quarter. There is currently approximately 20 dedicated TECO 2030 employees working alongside the AVL team focusing wholeheartedly on furthering the development of the Fuel Cells. During the quarter, all parties involved met to finalize the alignment of the Type Approval program which is estimated to be completed mid-2023.

Looking ahead, TECO 2030 will produce its first Fuel Cell in collaboration with AVL during December 2022. This marks an important milestone where our focus will start to shift more and more towards stack and FCM400 assembly and testing. The team has overcome the major design challenges and are now deep in detail to close the design loop.



# NARVIK

## Factory development

During Q3 2022 work has been well underway in phase “Production Layout Planning Phase” in close collaboration with our industrialization partner AVL. A Memorandum of Understanding (MoU) with thyssenkrupp Automation Engineering GmbH was signed to supply the 120 MW PEM fuel cell production line to TECO 2030’s Innovation Center in Narvik, Norway.

The factory team is constantly growing and consisted of 8 employees as per end of Q3. Four more people have signed employment agreements increasing the number to 12 employees around year-end. This number is in line with previous expectations and TECO 2030's plan for the factory establishment. The team is currently working on preparing the facility for future production. The facility and the corresponding infrastructure hold in general a very high standard, although some slight modifications are needed to prepare for manual and automated fuel cell production lines.



# OPERATIONAL HIGHLIGHTS Q3 2022

There has been a series of highlights and great progress through Q3 2022.

Some of the highlights are summarized below:

TECO 2030 has, together with partners, received 5 MNOK funding for developing the high-speed vessel of the future.

The vessel will combine the class-leading fuel cell systems from TECO 2030 and energy-efficient catamaran design with SES technology from Umoe Mandal. The vessel will have the capacity to transport 200-300 passengers at speeds above 35 knots while sailing over a longer distance with zero emissions.

TECO 2030 signs MoU with thyssenkrupp Automation Engineering tkAE for delivery of Fuel Cell production equipment in Narvik.

TECO 2030 is well under way with the planning of the production line equipment in Narvik and is pleased to have signed a MoU with an industry leading supplier like tkAE.

The MoU is the collaboration platform for the delivery and installation of the fuel cell production line in TECO 2030's Innovation Center in Narvik.

TECO 2030 and AVL List GmbH have signed a collaboration agreement where TECO 2030's fuel cell stacks will be deployed in AVL's DemoTruck which is powered by the HyTruck Fuel Cell System.

The DemoTruck will be on the road mid-2023 with fuel cell stacks powered by TECO 2030.

TECO 2030 wins award at the ZeroEmission@Berth innovation competition hosted by nine Northern German ports.

The TECO2030 Power Barge is a concept for a floating zero-emission power supply for powering of ships at berth and at anchor in ports with hydrogen infrastructure.

# OPERATIONAL HIGHLIGHTS AFTER Q3 2022

## OCTOBER

TECO 2030 raised approximately 14 million NOK through two private placements. The first placement consisted of 11 million NOK. The second placement was a smaller amount, the participants were among employees and their close family members.

## NOVEMBER

- Infrastructure contractor Implenia Norway placed an order for their HydroPilot project of two FCM400 hydrogen fuel cell modules. The initial order is worth NOK 20 million, with an option of installing two additional FCM400 systems with complete power and automation equipment. If option is exercised the total contract value is NOK 30 million.
- TECO 2030 signed a LOI with AVL on behalf of an undisclosed truck customer for delivery of fuel cell stacks to 30 trucks based on the AVL HyTruck platform. The delivery is to start at the end of 2023.
- TECO 2030, along with Shell and other partners, constructed a consortium which has been granted EUR 5 million from Horizon Europe for its HyEkoTank project. The project will retrofit an 18.600 DWT product tanker with a 2.4 MW fuel cell system by TECO 2030 and 4000 kg compressor hydrogen storage. Planned project startup is February 2023, with fuel cell delivery in 2024.



# FINANCIALS Q3 2022

TECO 2030 is still in a phase where most focus is on the development of fuel cells for maritime and heavy-duty applications. The group recorded a revenue of NOK 4.5 million during the quarter whereof the majority comes from the sale of 2 ballast water treatment systems. Sales for the year is NOK 9.9 million,

NOK'000	Q3 2022	YTD 2022	Q3 2021	YTD 2021
Revenues	4,528	9,896	2,210	12,976
EBITDA	-17,051	-45,920	-11,843	-31,864
CAPEX and R&D capitalization	12,780	63,598	5,623	10,422
Total assets	285,409	285,409	188,322	188,322
<b>Total equity</b>	<b>55,464</b>	<b>55,464</b>	<b>52,974</b>	<b>52,974</b>

TECO 2030 Q3 2022 Financial key figures

slightly lower than the same period last year. EBITDA for the period ended negative by NOK 17.1 million, down NOK 5.2 million from 2021. These numbers are all in accordance with management expectations for the quarter and a consequence of the strong and ongoing ramp-up process of both the fuel cell development team and the future production team.

This is further explained by the CAPEX and R&D capitalization of NOK 12.8 million in the balance sheet. The majority of these expenses is made up of both internal personnel and external resources such as AVL. The comparable number for 2021 was NOK 5.6 million. This shows a substantial progress related to the fuel cell development. On a year-to-date basis, this amounts to a total of NOK 63.6 million in 2022 compared to NOK 10.4 million in 2021.





# Appendixes

# APPENDIXES QUARTERLY REPORT Q3 2022

## Condensed income statement

Amounts in NOK'000	Q3 2022 (Unaudited)	2022 YTD (Unaudited)	Q3 2021 (Unaudited)	2021 YTD (Unaudited)
Total revenue	4,528	9,896	2,209	12,976
Cost of goods sold	-2,688	-6,328	-986	-8,834
Personnel expenses	-10,310	-25,052	-9,370	-25,304
Other operating expenses	-8,582	-24,436	-3,696	-10,702
<b>EBITDA</b>	<b>-17,051</b>	<b>-45,920</b>	<b>-11,843</b>	<b>-31,864</b>
Depreciation and amortization	-2,923	-8,693	-2,435	-4,357
<b>EBIT</b>	<b>-19,974</b>	<b>-54,613</b>	<b>-14,278</b>	<b>-36,221</b>
Net financial income (expense)	-3,772	-5,454	-693	-485
<b>Profit (loss) before tax</b>	<b>-23,746</b>	<b>-60,067</b>	<b>-14,971</b>	<b>-36,705</b>



# APPENDIXES QUARTERLY REPORT Q3 2022

## Statements of financial position

Amounts in NOK'000	Q3 2022 (Unaudited)	01.01.2021- 31.12.2021 (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	124,316	54,604
Right-of-use assets	97,664	98,566
Finance lease receivables	14,268	17,908
Other non-current assets	4,700	3,853
<b>Total non-current assets</b>	<b>240,948</b>	<b>174,931</b>
<b>Current assets</b>		
Trade and other receivables	23,655	17,783
Inventories	8,364	8,490
Cash and cash equivalents	12,442	59,619
<b>Total current assets</b>	<b>44,461</b>	<b>85,891</b>
<b>TOTAL ASSETS</b>	<b>285,409</b>	<b>260,823</b>

Amounts in NOK'000	Q3 2022 (Unaudited)	01.01.2021- 31.12.2021 (Audited)
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1,420	1,404
Other equity	54,044	103,183
<b>Total equity</b>	<b>55,464</b>	<b>104,587</b>
<b>Non-current liabilities</b>		
Non-current lease liabilities	114,763	117,331
Other non-current liabilities	91,046	375
<b>Total non-current liabilities</b>	<b>205,809</b>	<b>117,706</b>
<b>Current liabilities</b>		
Current lease liabilities	6,161	4,002
Trade and other payables	9,089	26,041
Other current liabilities	8,886	8,487
<b>Total current liabilities</b>	<b>24,136</b>	<b>38,531</b>
<b>Total liabilities</b>	<b>229,945</b>	<b>156,236</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>285,409</b>	<b>260,823</b>

# APPENDIXES

# QUARTERLY REPORT

# Q3 2022

## Condensed statements of cash flow

Amounts in NOK'000	Q3 2022 (Unaudited)	2022 YTD (Unaudited)	Q3 2021 (Unaudited)	2021 YTD (Unaudited)
<b>Cash flows from operating activities</b>				
<b>Loss before tax</b>	<b>-23,746</b>	<b>-60,067</b>	<b>-14,978</b>	<b>-36,705</b>
<i>Adjustments to reconcile profit before tax to net cash flows:</i>	-	-	-	-
Net financial income/expense	-4,225	-5,454	693	485
Share based payments	238	1,152	1,574	4,233
Depreciation, amortisation and impairment	2,923	8,693	2,435	4,357
<i>Changes in working capital:</i>	-	-	-	-
Changes in trade receivables and trade payables	-37,714	-22,620	-3,613	-8,541
Change in inventories	1,092	126	58	-550
Other adjustments	3,343	3,036	-	-
<b>Net cash flows from operating activities</b>	<b>-58,090</b>	<b>-75,134</b>	<b>-13,830</b>	<b>-36,722</b>

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

Amounts in NOK'000	Q3 2022 (Unaudited)	2022 YTD (Unaudited)	Q3 2021 (Unaudited)	2021 YTD (Unaudited)
<b>Cash flow from investing activities</b>				
Purchase of property, plant and equipment	-134	-289	-267	-835
Development expenditures	-10,697	-63,598	-5,623	-10,422
Placement in deposit	-	-	-	-2,900
<b>Net cash flows from investing activities</b>	<b>-10,831</b>	<b>-63,887</b>	<b>-5,890</b>	<b>-14,157</b>
<b>Cash flow from financing activities</b>				
Cash proceeds from issuance of equity	76	76,818	-	20,000
Other non-current liabilities	23,046	23,046	-	-
Cash payments for the principal portion and interest of the lease liability	-3,778	-10,073	-1,457	-1,566
Cash received for the principal portion of the sublease receivables	681	2,053	571	570
<b>Net cash flows from financing activities</b>	<b>20,025</b>	<b>91,845</b>	<b>-887</b>	<b>19,005</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>-48,895</b>	<b>-47,177</b>	<b>-20,607</b>	<b>-31,873</b>
Cash and cash equivalents at beginning of the period	61,337	59,619	32,450	43,717
<b>Cash and cash equivalents, end of period</b>	<b>12,442</b>	<b>12,442</b>	<b>11,843</b>	<b>11,844</b>



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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