



Quarterly Report Q4 2022

17.03.2023



TECO 2030 ASA IN BRIEF

Spinoff from TECO Maritime Group AS

CLEANTECH COMPANY

- Established as legal entity in 2019
- Management team with decades in the hydrogen, fuel cell space
- Developing the first ever full cell stack and module tailormade for the marine and heavy-duty segment
- Currently involved in 150+ various fuel cell projects
- Strong partnerships with blue chip leaders including AVL, the world largest independent developer of powertrain.
- thyssenkrupp AE, world leading supplier focused on the powertrain value chain. Will deliver the production line and test facility for the giga-factory in Norway.

NORWEGIAN

- HQ: Oslo, Norway
- Offices: Miami, Singapore
- Factory: Narvik, Norway
- Approx. 50 employees at present



TECO2030 GEN 0 - Stack platform



SUB SUPPLY OF STACKS
FOR MOTIVE INDUSTRY



SYSTEM SUPPLY FOR MARITIME
& HEAVY-DUTY ENVIRONMENT





CEO LETTER

On a mission towards zero-emission

Let me come right out and say it: Q4 2022 was a quarter of great achievements for TECO 2030!

We can start at the end: On December 14th, we were able to physically touch the first TECO 2030 fuel cell stack in Vancouver, at the facility of our development partner AVL. This is the world's first fuel cell stack purposely developed for marine and heavy-duty applications. This was a fantastic moment for the entire team, and a true starting point for the exciting things about to happen in 2023.

Through the quarter our strategic footprint towards land-based motive industries has increased. We have further been able to unlock the potential of utilizing our fuel cell stack in a variety of energy intense applications and are looking forward to serving all kinds of mobile, portable and stationary applications with efficient zero emission fuel cell alternatives.

To explain the increased interest for renewable fuels and hydrogen fuel cells, we had outstanding and active quotes for fuel cell projects in the range of approx. EUR 268 million as of December 31st 2022. And, it doesn't stop there, during the first 75 days of 2023, we have quoted projects for approx. EUR 200 million! I simply cannot say how excited I am for the fuel cell production ramp up and seeing some of these projects in real life.

To handle the coming ramp-up, we almost doubled our staff in 2022, adding resources to all offices, including Lysaker, Narvik, Miami and Singapore.

The policy and regulations backdrop remains highly supportive, with a global focus on decarbonizing heavy-polluting industries. The EU's transition towards net zero has not been derailed by Russia's using energy as a weapon. On the contrary, the tragic events of 2022 have made even clearer the need to transition to renewable energy.

Fuel cell technology remains TECO 2030's most ambitious project, but I am also proud to note the progress made by our other environmental technologies. A highlight was definitely the first order for our Future Funnel next-generation marine emission-reduction system. While the end goal is zero-emission maritime propulsion, the Future Funnel will significantly reduce emissions of sulphur oxides, nitrogen oxides, black carbon, and particulate matter from combustion engines.

During the quarter, we have raised capital from both equity and bond investors who see potential in TECO 2030. Most notably, US company SunHydrogen Inc. made a strategic investment in TECO 2030 and is represented on our board of directors.

As the industry is seeking new technologies to reduce harmful pollutants, zero emission fuel cells is what we are continuing to focus on. During the fourth quarter, we have decided to slow down the developments of the carbon capture and storage (CCS) technologies. CCS is still something we would like to pursue; however, the technology is a few years away. All our resources have been focusing on the fuel cell development and industrialization project during most of 2022 and we will continue this way in 2023. The primary goal now is to achieve the milestones needed towards reaching our ambitious PEM fuel cell production targets in the years to come.

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, March 17th 2023

Tore Enger
Group CEO, TECO 2030

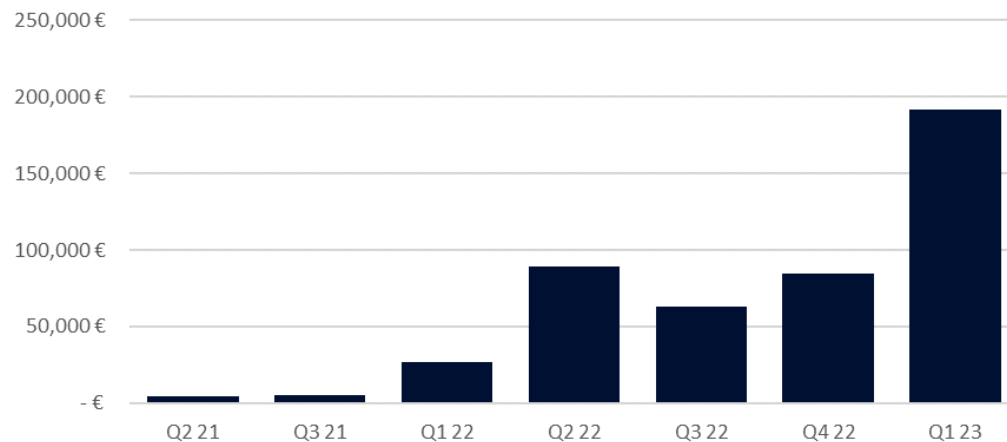


Sharp Increase in Fuel Cell Sales Quotes

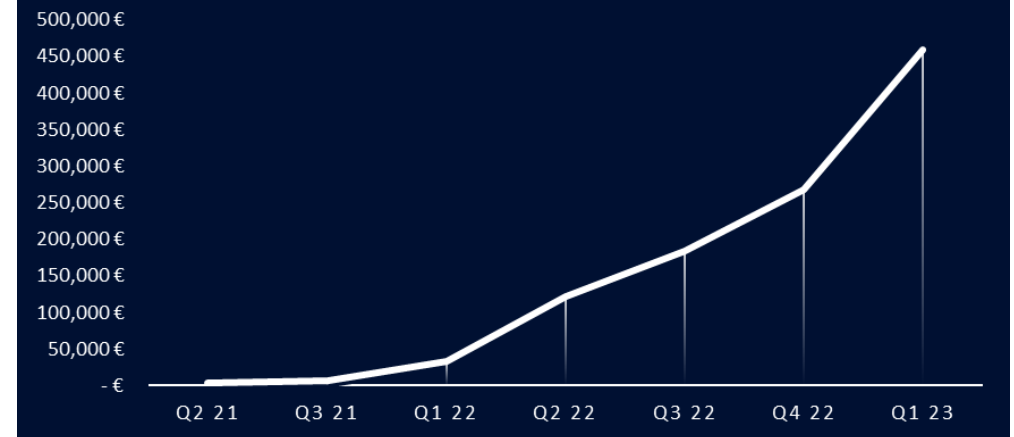
TECO 2030 is building a substantial pipeline of outstanding quotes:

- At the end of 2022 TECO 2030 had sent out sales offers with a total value of more than EUR 270 million.
- Total live outstanding offers including the first 75 days into 2023 equals approx. EUR 460 million, sent to a number of potential clients.

OFFERS GENERATED PER QUARTER (EUR'000)



ACCUMULATED OFFERS GENERATED (EUR'000)



TECO 2030 activity in the market is continuously increasing:

- TECO 2030 is continuously in contact with potential customers. As our ramp up towards full-fledged fuel cell production has been ongoing our customer dialogue has increased accordingly.
- During the first 75 days of 2023 outstanding quotes already more than doubled from the previous quarter. This underlines the increase in interest for our fuel cell solutions.

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



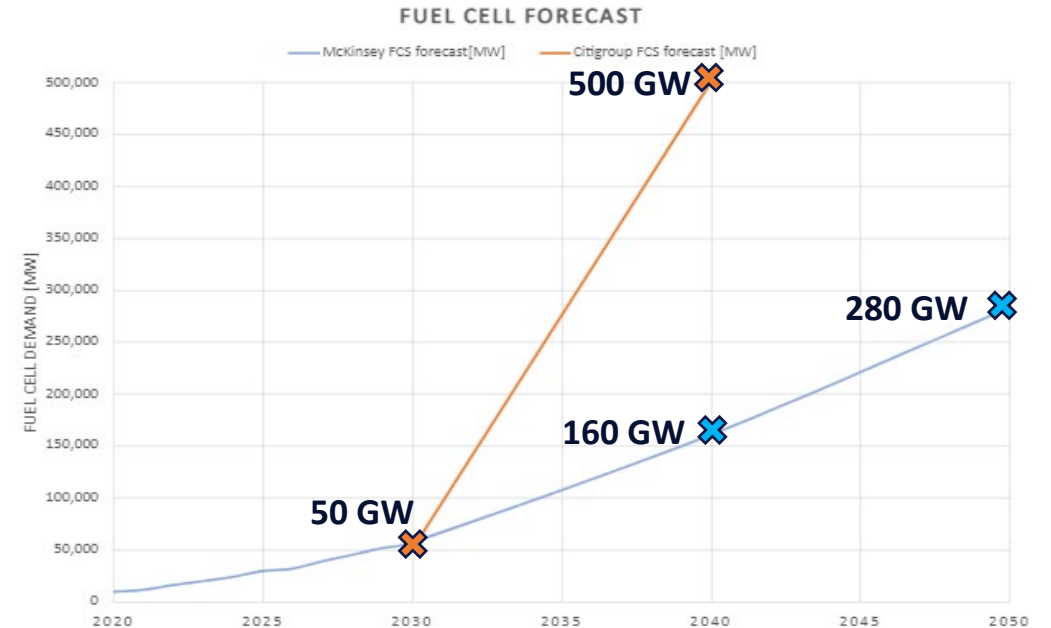
JAPAN'S ENERGY STRATEGY

- 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

HYDROGEN & FUEL CELL MARKET FORECASTS



- Hydrogen demand
 - 2030: 140 million metric tons
 - 2050: 660 million metric tons
- \$ 10 trillion
 - Cumulative hydrogen investments required by 2050
- \$ 1.5 trillion
 - Investment in transportation required by 2050



- Citigroup fuel cell market forecast
 - 2030: 50 GW → \$ 35 – \$ 45 billion market (depending on fuel cell price)
 - 2050: 500 GW → \$ 200 – \$ 275 billion market (depending on fuel cell price)
- TECO market share forecast
 - 2030: ~ 1.5 – 2.8 %



Fuel Cell Module – FCM400™



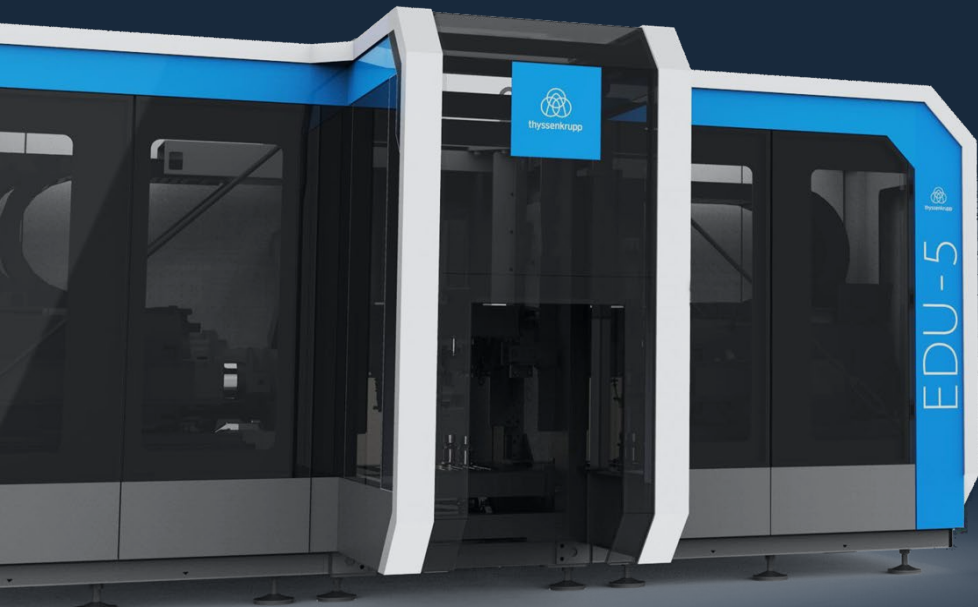
FC Stack 100kW

HYDROGEN FUEL CELL

Hydrogen fuel cells are the engines of tomorrow and convert hydrogen into electricity while emitting nothing but water vapour and warm air. The TECO 2030 Fuel Cell is the first fuel cell system in the world that is specifically designed for use in marine and heavy-duty applications.

The TECO 2030 Marine Fuel Cell will be delivered in stacks of 100kW or 400kW modules (FCM400™). The modules can easily be connected to enable system configurations in the multi-megawatt scale. The fuel cells will be suitable for both retrofits and newbuilds and will offer a zero-emission alternative for applications for which batteries are not a good option.

TECO 2030 is developing the hydrogen fuel cells together with the Austrian powertrain technology company AVL. The fuel cells will be produced at TECO 2030's new Innovation Center and Gigafactory in Narvik in northern Norway. AVL will also contribute to the planning and establishment of the new plant in Narvik. TECO 2030 has received an "Approval in Principle" (AiP) by DNV, one of the world's leading classification and certification bodies, for its Fuel Cell System and its Fuel Cell Module FCM400™, confirming that these are safe to use onboard ships.



INNOVATION CENTER

Factory development

During Q4 2022, TECO 2030 signed a contract with thyssenkrupp Automation Engineering GmbH for delivery of the first complete fuel cell stack production line for TECO 2030 Innovation Center in Narvik, Norway.

TECO 2030 Innovation Center will be the first Gigafactory in Europe for Proton Exchange Membrane (PEM) fuel cells and have an annual capacity of up to 80 MW production in 2024, increasing to 400 MW in 2025.

The factory team is constantly growing and consisted of 12 employees as per end of Q4 2022. This number is in line with expectations and TECO 2030's plan for the factory establishment. The team is currently progressing well on preparing the facility for start of manual fuel cell stack production which takes place in Q2 2023.

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.

CELL PRODUCTION



STACKING



SYSTEM ASSEMBLY



TEST SYSTEMS



Picture text: thyssenkrupp's automated production line layout.

OPERATIONAL HIGHLIGHTS Q4 2022

There has been a series of achievements towards reaching our common goals through Q4 2022.

Some of the highlights are summarized below:

TECO 2030 announced it had completed production of the world's first fuel cell stack developed and purposely designed for heavy-duty and marine applications.

A fuel cell stack consists of a number of individual stack cells, each generating electricity from electrochemical reactions based on fuels such as hydrogen. TECO 2030's fuel cell stack contains a few hundred stack cells and provides a net output of 100 kW. The stacks are then combined together with balance of plant (BoP) components into a fuel cell module.

TECO 2030 signs contract with thyssenkrupp Automation Engineering GmbH for delivery of the first complete fuel cell stack production line at TECO 2030 Innovation Center in Narvik, Norway.

The contract entails design, manufacturing and delivery of the equipment. Test-production of TECO 2030 fuel cell stacks will be completed at thyssenkrupp Automation Engineering's headquarter in Bremen, Germany. The equipment is validated and completed in Bremen before shipment to Narvik, which takes beginning of 2024.

TECO 2030 have 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, delivery to start end of next year.

Infrastructure contractor Implenia Norway has placed an order for their HydroPilot project of two FCM400 hydrogen fuel cell modules from TECO 2030. 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, Shell and partners to receive EUR 5 million in Horizon Europe support for 2.4 MW TECO 2030 PEM Fuel Cell system for tanker retrofit project.

TECO 2030 has received a purchase order for a future funnel from an undisclosed large European shipowner. The contract value is approx. NOK 5.5 million with an estimated delivery at the end of Q1, beginning of Q2 2023.



OPERATIONAL HIGHLIGHTS AFTER Q4 2022

TECO 2030 completed selection of all major component suppliers and procured necessary parts for the first fuel cell modules (FCM400). This means the FCM400 development is close to completion.

The first 30 % of the NOK 50 million grant from Innovation Norway was released on March 16.

TECO 2030 together with Shell and other consortium partners started the HyEkoTank project which has been awarded a EUR 5 million grant under the European funding scheme HORIZON EUROPE.

TECO 2030 and AVL List sign contract for feasibility study of developing and industrializing a Fuel Cell System for heavy-duty trucks. The feasibility study is expected to be completed in 2 months. After successful completion, TECO 2030 plans to industrialize this Heavy Duty Fuel Cell System and manufacture them at the factory in Narvik, Norway.

The Board of Directors approved to offer all bondholders to convert all or partial amounts of their bonds to shares in the company. Bonds totaling NOK 19,550,000 were converted into 3,843,280 shares.

KEY FINANCIALS Q4 2022

TECO 2030 is continuing its focus on the development of fuel cells for maritime and heavy-duty applications. During Q4 TECO 2030 raised approx. MNOK 87 in new equity through three private placements. In addition, the Company raised another MNOK 31 in the second tranche of the convertible bond loan. The use of proceeds for the capital raised during the quarter was for the continuation of the development program related to the PEM fuel cells and for general working capital purposes. In addition, the group started the procurement of components for the production of a number of pilot and test fuel cell stacks and modules as well as making the first major down payment on the production line from Thyssenkrupp.

NOK'000	Q4 2022 (unaudited)	Q4 2021 (unaudited)	FY 2022 (unaudited)	FY 2021 (audited)
Revenues	2,675	-	12,571	12,808
EBITDA	-22,493	-13,129	-68,413	-44,993
EBIT	-26,692	-16,070	-81,305	-52,290
CAPEX and R&D	27,711	21,871	97,899	32,650
Total assets	356,917	260,823	356,917	260,823
Total equity	102,596	104,587	102,596	104,587

TECO 2030 Q4 2022 Financial key figures

The group's total revenue in 2022 was MNOK 12.6 and almost equal to the revenues in 2021 (MNOK 12.8). Revenues during Q4 was MNOK 2.7, an increase from 0 the previous year. The group's sales revenues are mainly coming from the sale of ballast water treatment systems and sub lease of offices and factory facilities. The group signed its first sales contract for fuel cell systems to Imlenia Norge AS during Q4 as well as the first sales contract for a scrubber tower. No revenue from these sales have been recognized in 2022 but these will start to come in Q1 2023.

The EBITDA for Q4 2022 was negative by MNOK 22.5 down by MNOK 9.4 from 2021 which is in accordance with management's expectations for the period. On the full year basis EBITDA was negative by MNOK 68.4, down by MNOK 23.4 from the previous year. The reason for the increase in expenses throughout 2022 is related to the strong and ongoing ramp-up process within the group necessary to fulfill its high ambitions.

Throughout 2022 the group invested heavily in the continued development of the PEM fuel cells and in preparing the production facility in Narvik. A total of MNOK 97.9, which includes both internal and external expenses, were capitalized over the 12 months period whereof MNOK 27.7 was spent during Q4 isolated. This represents a significant increase of MNOK 65.2 from 2021 (MNOK 5.8 in Q4).

Appendixes



APPENDIXES QUARTERLY REPORT Q4 2022

Condensed income statement

Amounts in NOK '000	Q4 2022 (unaudited)	Q4 2021 (unaudited)	FY 2022 (unaudited)	FY 2021 (audited)
Total revenue	2,675	-	12,571	12,808
Cost of goods sold	-1,670	-168	-7,998	-9,002
Personnel expenses	-12,193	-6,911	-37,245	-32,215
Other operating expenses	-11,306	-6,050	-35,741	-16,585
EBITDA	-22,493	-13,129	-68,413	-44,993
Depreciation and amortization	-4,199	-2,941	-12,892	-7,297
EBIT	-26,692	-16,070	-81,305	-52,290
Net financial income (expense)	-5,821	-144	-11,275	-629
Profit (loss) before tax	-32,513	-16,214	-92,580	-52,919

APPENDIXES QUARTERLY REPORT Q4 2022

Statements of financial position

Amounts in NOK'000	31.12.22 (unaudited)	31.12.2021 (audited)
ASSETS		
Non-current assets		
Intangible assets	151,864	54,604
Right-of-use assets	95,568	98,566
Finance lease receivables	13,880	17,908
Other non-current assets	5,521	3,853
Total non-current assets	266,833	174,931
Current assets		
Trade and other receivables	35,958	17,783
Inventories	6,974	8,490
Cash and cash equivalents	47,151	59,619
Total current assets	90,084	85,891
TOTAL ASSETS	356,917	260,823

Amounts in NOK'000	31.12.22 (unaudited)	31.12.2021 (audited)
EQUITY AND LIABILITIES		
Equity		
Share capital	1,585	1,404
Other equity	101,010	103,183
Total equity	102,596	104,587
Non-current liabilities		
Non-current lease liabilities	113,015	117,331
Other non-current liabilities	93,623	375
Total non-current liabilities	206,638	117,706
Current liabilities		
Current lease liabilities	6,474	4,002
Trade and other payables	25,281	26,041
Other current liabilities	15,929	8,487
Total current liabilities	47,684	38,531
Total liabilities	254,322	156,236
TOTAL EQUITY AND LIABILITIES	356,917	260,823

APPENDIXES QUARTERLY REPORT Q4 2022

Condensed statements of cash flow

Amounts in NOK'000	Q4 2022 (unaudited)	Q4 2021 (unaudited)	2022 (unaudited)	2021 (audited)
Cash flows from operating activities				
Loss before tax	-32,513	-16,291	-92,580	-52,996
<i>Adjustments to reconcile profit before tax to net cash flows:</i>				
Net financial income/expense	-1,050	-1,782	-6,504	-1,297
Share based payments	241	1,537	1,393	5,770
Depreciation, amortization and impairment	4,199	2,941	12,892	7,297
<i>Changes in working capital:</i>				
Changes in trade receivables and trade payables	-11,919	18,539	-11,494	9,998
Change in inventories	1,390	-1,855	1,515	-2,405
Other adjustments	-468	-4,381	2,567	-4,381
Net cash flows from operating activities	-40,122	-1,292	-92,210	-38,014

Amounts in NOK'000	Q4 2022 (unaudited)	Q4 2021 (unaudited)	2022 (unaudited)	2021 (audited)
Cash flow from investing activities				
Purchase of property, plant and equipment	-1,044	-15	-1,333	-850
Development expenditures	-24,042	-25,008	-87,641	-35,431
Placement in deposit	-2,637	2,463	-2,637	-437
Net cash flows from investing activities	-27,724	-22,560	-91,612	-36,717
Cash flow from financing activities				
Net proceeds from issuance of equity and bonds	101,648	76,213	178,466	96,588
Cash payments for the principal portion and interest of the lease liability	858	-2,041	-9,215	-3,981
Cash received for the principal portion of the sublease receivables	49	355	2,103	926
Restricted deposits on lease premises	0	-2,900	0	-2,900
Net cash flows from financing activities	102,556	71,627	171,354	90,632
Net increase/(decrease) in cash and cash equivalents	34,710	47,775	-12,467	15,902
Cash and cash equivalents at beginning of the period	12,442	11,844	59,619	43,717
Cash and cash equivalents, end of period	47,151	59,619	47,151	59,619

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

Thank you for your attention



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