



Q1 report 2021

A large, dynamic splash of clear blue water is the central visual element, starting from the bottom left and arching towards the top right. The water is captured in mid-air, with many small droplets and bubbles scattered around the main splash, creating a sense of movement and freshness.

zero emission
in the future

A message from the CEO

Setting the stage for the first quarter of 2021, Norway's prime minister Erna Solberg pointed to the potential hydrogen has for Norwegian industry in her annual New Year's speech, and she specifically highlighted hydrogen as a fuel that has the potential to markedly improve the environmental footprint of the shipping sector.

This fits perfectly with a growing realization among policymakers and in the business community that decarbonizing the transport sector and heavy machinery will require emission-free supplements to batteries, due to weight issues. The obvious solution is hydrogen-powered fuel cells, while alternatives such as ammonia also carry great potential.

This is the basic premise for TECO 2030, and it is exciting to see that the support for this vision is growing day by day!

Since listing our company on the Oslo Stock Exchange, Euronext Growth last October, we have worked hard to progress on our ambitious plans and projects, and in the first quarter there were several exciting events.

The biggest one, by far, was the announcement that we are planning to build a fuel cell factory and innovation center in Narvik in Northern Norway.

We intend to make this Norway's first large-scale production of hydrogen-based fuel cells. This initiative is perfectly aligned with the Norwegian government's ambition to build a complete value chain for the utilization of hydrogen as an energy carrier.

We have received a large amount of interest on our fuel cell systems from various shipowners seeking solutions for decarbonizing their vessels, no matter vessel size. This accounts for other heavy-duty applications as well, such as the recently announced cooperation with Implen Norge.

We have also signed important business agreements within the hydrogen space, we continued to hire excellent industry experts and we sold a number of ballast treatment systems. And last, but not least: We made great progress on the fuel cell development project in close cooperation with our Austrian technology partner, AVL.

I would like to thank our staff, our business partners and our investors for supporting our efforts in the first quarter, and I look forward to your continued support on our journey towards an emission-free future.



Tore Enger
CEO, TECO 2030 ASA

Q1 2021 highlights

Narvik factory plans

TECO 2030 has previously made it clear that the company intends to set up a factory to manufacture fuel cells in Norway, and in March it was announced that the factory will be located in Narvik in Northern Norway. TECO 2030 has signed a bare-house contract for a high-quality 15 500 m² production facility. Preparations on the site is planned to start in 2021, and the first pilot production is expected next year. The plan calls for a gradual increase of the plant's capacity over the coming years. The contract commences on 1 July and is subject to financing. TECO 2030 is currently looking into various ways of financing this, such as equity, bank/leasing, public funding etc.

TECO 2030 aims towards an annual fuel cell production capacity of 400 MW in 2025 steadily increasing to 1.2 GW by 2030. Provided the current estimations for future sales prices and expected reached production capacity, this indicates annual revenues of approx. EUR 290 million in 2025 and approx. EUR 600 million in 2030. The EBITDA-margin is expected to be in the range of 10-15 % in 2025 and 15-20 % in 2030.

Feasibility and concept study completed

Towards the end of March, it was announced that TECO 2030 and its technology partner AVL List GmbH has successfully completed the feasibility and concept study for marine fuel cells. The building block of the TECO 2030 marine fuel cell system will be the Gen0 fuel cell stack, developed by AVL.

Prior to the announcement, various full-size stacks were tested and showed a strong performance, even exceeding the defined targets. Within the next phase of the project, the stack platform will be optimized towards marine usage and also extensively tested to meet the lifetime requirements.

Strategic cooperation agreement with Thecla Bodewes Shipyards

In February, TECO 2030 announced a strategic cooperation agreement with Thecla Bodewes Shipyards in Holland to develop zero emission hydrogen-based fuel cell propulsion on all types of river going vessels, such as push tugs, dredgers, passenger and cargo ships and low-profile coasters. For nearly 200 years, Thecla Bodewes Shipyards have been tailoring ships to its owner's needs. The yard now sees a strong push for low and zero emission solutions and is committed to delivering this.

Strategic cooperation agreement with Slåtland

In February, TECO 2030 announced a strategic cooperation agreement with the mechanical engineering group Slåtland Group in Norway to explore cooperation possibilities within a range of emission-reducing projects, including hydrogen fuel cells offshore and onshore, manufacturing of large TECO Future Funnels, manufacturing plant, and hydrogen competence development.



Growing staff

TECO 2030 continued to strengthen the staff in the first quarter, illustrated by the hiring of Stian Aakre as CEO in the subsidiary TECO 2030 AS in February. Mr. Aakre came from the position as General Manager, Business Development in Wärtsilä and has more than 30 years' experience from marine and onshore environmental technology and sustainability concepts and applications. Further, TECO 2030 ASA employed Erling Hoftun as Vice President - Special Project in January. Mr. Hoftun has over 30 years' experience in the environmental technology industry, predominantly related to the cruise industry, and was one of the key founders of Scanship (currently listed as VOW) back in 1993.



Sale of ballast water treatment systems

TECO 2030 sold a total of eight ballast water treatment systems in the first quarter, demonstrating the short-term revenue potential of this part of the business. According to IFRS standards (IAS 15), as adopted by the EU, revenues and related costs will be recognized as the systems are delivered in the second quarter.

Fuel cell container launched

TECO 2030 presented two products undergoing development and type approval in accordance with maritime rules and regulations: The "FCC 1600" Fuel Cell Container and the "FCM 400" Fuel Cell Module. FCM 400 is TECO 2030's building block for marine applications. The zero-emission fuel cell has 400 kW net power output which is twice the capacity compared to other fuel cell providers. FCC 1600 is a standard 20 ft. ISO container that holds four fuel cell modules with all related auxiliaries. This offers market leading power density and dynamics, and scalable to any MW size needed.

Engine performance optimization system announced

In January, the TECO 2030 EPOS was announced. The Engine Performance Optimization System (EPOS) for combustion engines is powered by AVL. It will be offered to shipowners worldwide. It prevents engine damage and reduces the fuel consumption and environmental impact. The TECO 2030 EPOS provides condition monitoring and automatic diagnosis using expert algorithms for large-bore combustion engines and their auxiliaries.

Conversion of bonds and share split

In January, all the holders of TECO 2030's NOK 10 million convertible bond exercised their rights to convert their entire bond holdings into shares increasing the number of shares by 400 000. Following the Annual General Meeting in late January, the TECO 2030 decided to split the shares in 1/10. After the split, the company has 124 000 000 outstanding shares.

Financial statements

Consolidated Statements of comprehensive income

Unaudited

Amounts in NOK	Q1 2021	01.01.2020 -31.12.2020
Sales revenue and other consultancy services	1 193 969	2 183 289
Total revenue	1 193 969	2 183 289
Costs of goods sold	-688 622	-691 027
Gross Profit	505 347	1 492 262
<i>Gross Margin</i>	42%	68%
Personnel expenses	-9 763 479	-11 231 904
Other operating expenses	-3 303 478	-14 860 883
EBITDA	-12 561 610	-24 600 525
Depreciation and amortisation	-913 455	-1 969 048
Operating Result	-13 475 065	-26 569 573
Finance income	339 548	683 068
Finance cost	-122 110	-1 334 753
Net financial income (expense)	217 438	-651 685
Loss before tax	-13 257 627	-27 221 258
Income tax expense	-65 181	-7 439
Loss for the period	-13 322 808	-27 228 697
<i>Other comprehensive income:</i>		
Items that will be reclassified to profit or loss	5 015	29 214
Total other comprehensive income for the period	5 015	29 214
Comprehensive income for the year	-13 317 793	-27 199 483
<i>Earnings per share</i>		
Basic EPS, profit for the period attributable to ordinary equity holders	-0,11	-0,56
Diluted EPS, profit for the period attributable to ordinary equity holders	-0,11	-0,56

Consolidated Statements of financial position

Unaudited

Amounts in NOK	Q1 2021	31.12.2020
ASSETS		
Non-current assets		
Property, plant and equipment	582 713	376 382
Intangible assets	21 219 059	19 510 544
Goodwill	2 482 661	2 482 661
Restricted deposits	2 900 000	-
Right-of-use assets	864 251	1 112 449
Total non-current assets	28 048 684	23 482 036
Current assets		
Trade and other receivables	14 553 415	8 728 765
Inventories	10 444 180	6 084 475
Other current assets	932 967	354 506
Cash and cash equivalents	25 287 384	43 717 208
Total current assets	51 217 946	58 884 954
TOTAL ASSETS	79 266 630	82 366 989
EQUITY AND LIABILITIES		
Equity		
Share capital	1 240 000	1 200 000
Share premium	94 185 038	83 785 307
Other reserves	1 102 044	449 731
Currency translation differences	24 199	29 214
Retained earnings	-43 154 617	-29 850 219
Total equity	53 396 662	55 614 031
Non-current liabilities		
Non-current lease liabilities	-	223 276
Other non-current liabilities	375 000	-
Total non-current liabilities	375 000	223 276
Current liabilities		
Current lease liabilities	875 098	893 592
Interest-bearing loans and borrowings	1 623 029	1 623 029
Convertible bonds	-	10 000 000
Trade and other payables	13 092 691	10 137 345
Current tax payables	65 122	-
Other current liabilities	9 839 027	3 875 716
Total current liabilities	25 494 967	26 529 682
Total liabilities	25 869 967	26 752 958
TOTAL EQUITY AND LIABILITIES	79 266 630	82 366 989

Consolidated Statements of cash flows

Unaudited

Amounts in NOK	Q1 2021	01.01.2020 -31.12.2020
Cash flows from operating activities		
Loss before tax	-13 257 627	-27 221 258
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Net financial income/expense	217 438	-551 789
Conversion rights	-	449 731
Share based expenses	1 108 932	-
Depreciation, amortisation and impairment	913 455	1 969 048
<i>Changes in working capital:</i>		
Changes in trade receivables and other receivables	-5 824 650	82 699
Changes in trade and other payables	2 955 346	6 489 192
Change in inventories	-4 359 705	-6 084 475
Changes in other current assets and current liabilities	5 545 119	746 990
Net cash flows from operating activities	-12 701 692	-24 119 862
Cash flow from investing activities		
Purchase of property, plant and equipment	-252 850	-291 567
Investment in business combinations, net of cash acquired	-	-5 724 692
Transaction cost business combinations	-	-100 000
Development expenditures	-2 327 086	-13 269 444
Placement in deposit	-2 900 000	-
Interest received	-	66 925
Net cash flows from investing activities	-5 479 936	-19 318 778
Cash flow from financing activities		
Net proceeds from issuance of equity	-	74 885 317
Proceeds from convertible debt	-	10 000 000
Repayment of principal	-	-6 933 756
Repayment of interest	-	-140 863
New borrowings in connection with business combination	-	6 133 756
Cash payments for the principal portion of the lease liability	-233 995	-446 490
Cash payments for the interest portion of the lease liability	-14 201	-32 079
Net cash flows from financing activities	-248 196	83 465 885
Net increase/(decrease) in cash and cash equivalents	-18 429 824	40 027 245
Cash and cash equivalents at beginning of the period	43 717 208	3 689 963
Cash and cash equivalents, end of period	25 287 384	43 717 208

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

About TECO 2030

TECO 2030 is a clean tech company aiming to transition maritime transport and other heavy-duty applications away from emissions-intensive fossil fuels and over to climate-friendly renewable energy enabling zero emission operations.

Our ambition is to become a global leader in the supply of fuel cells for our targeted markets. Fuel cells use an energy carrier, typically hydrogen, which is converted into electric power with water and hot air as the only emissions. Compared to batteries, fuel cells are particularly useful for heavy-duty applications, where batteries in the foreseeable future will be too heavy to be practical. These applications are at the core of TECO 2030's offering.

Focusing particularly on the international shipping industry, TECO 2030 aims to tackle one of the biggest environmental challenges of our time: How can we combine growing global shipping volumes with reduced emissions? We believe the maritime industry can move to zero emissions by implementing new technologies, with hydrogen-based fuel cells as the ultimate solution.

We also plan to supply fuel cell technology for other heavy-duty applications, such as those used on construction sites,

and our aim is that these should be produced at our planned factory and innovation centre in Narvik in Northern Norway.

In addition to the fuel cell development efforts, TECO 2030 offers environmental technologies for the maritime industry that are ready for delivery:

- TECO 2030 Future Funnel: Next-generation marine emission-reduction system
- TECO 2030 Ballast Water Treatment System: Ballast water cleaning
- TECO - AVL EPOS: Reduces fuel consumption and environmental impact

TECO 2030 was established in 2019 and is built on broad and long-running experience. The company has its roots in the TECO Maritime Group, which has more than 27 years of experience in supplying products and technical services to the international maritime industry.

TECO 2030 was listed on Euronext Growth Oslo in October 2020 and trades under the ticker TECO.



A dynamic splash of clear blue water against a white background, with many small droplets and bubbles scattered around the main splash.

zero emission
in the future



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Lysaker Torg 12, 1366 Lysaker, Norway
post@teco2030.no
teco2030.no