

Newsletter and Invitation to invest in Tidetec

Dear Tidetec friends – we wish you a happy new year!

Tidetec has now moved from the technical phase and is entering the commercial phase, moving forward to establish a licence contract with a turbine producer, developer or Engineering, Procurement, Construction and Installation (EPCI) company, and deliver for a major barrage project.

Steps forward during 2017

Tidetec has taken some significant steps during 2017: We have secured the IP in Norway through a new patent, which currently has moved further to a PCT application (European and worldwide patent). Tidetec have proven the technology further with a functioning model turbine, tested at Technical University in Munich (TUM). We have also established contact with CEO of [Atlantis](#) and his team, UK developer of [WYRE project](#), who has invited us to pre-qualify for a [FEED](#) project towards the Wyre barrage project.

[Mott Macdonald](#) are doing a technical prequalifying round for Atlantis, and we have had several positive meetings with them. It is important that Tidetec can build a solid consortium that can deliver for this project. We are in dialogue with large, international turbine producers regarding production of the Tidetec turbine for the Wyre project. We are more certain than ever that our technology outperforms any other turbine on the market at a competitive cost. The consortium we are developing to be able to bid for Wyre will outperform any other proposition in the market, on both cost and efficiency. More details to be found on our investor homepage: www.Tidetec.com/for-investors/.



Technology:

Tidetec technical development is complete. Tidetec has the last year completed its model turbine, and although the turbine needs some final optimisation before it can be built in a full scale version, we are confident we have proven the mechanical and hydrodynamical aspects of the turbine. We are changing the design of the periphery to a more proven solution – a dry-running sealed generator. As used for more than 30 years in the [Annapolis Tidal Power Plant](#). As we now have proven the Tidetec concept, we want to focus our efforts towards the potential projects and the market.

IP:

Tidetec where [granted](#) a new patent in Norway October 2017. This [patent](#) is to protect the IP of the “rolling turret”, which is fundamentally different from the original Tidetec concept. The application is currently also delivered in Europe (PCT), and a conclusion on this application will be given during 2018.

In addition we have filed another patent regarding sealing and locking of the turret. Initial response for this patent is expected Q2 2018.

Market:

Although the market is moving a bit slower than preferred, there are some very promising projects in the pipeline. Atlantis Energy is developing the Wyre project – a highly competitive project, with comparable prices to onshore wind on the energy cost. We are in frequent dialogue with the CEO, Tim Cornelius and his team, who would be very happy to see a Tidetec proposition for this project. The current deadline for delivery of a proposal for this project is probably late 2018 – and we are working together with turbine producers on getting into this project.

Annapolis Tidal Power Plant and their owner [Nova Scotia Power](#) are considering Tidetec turbine as one interesting option for replacement of their old turbine in the power plant as the old Straflo turbine needs replacement.

Team & Partners:

We are currently working closely with an international turbine producer – who is also a competent resource to bring with us as the turbine project manager. We have also started dialogue with several EPCI partners. Our long cooperation with Femkuber is further strengthened as Arne Ziegler, CEO Femkuber now assists us on various technical issues on a more regular basis. [Frederik W. Mowinckel](#), who introduced us to Tim Cornelius and the Wyre Project, is also now assisting us on commercial negotiations as well as strategic and relationship matters.

Way forward:

Tidetec is aiming to deliver a proposal for the Wyre project, with a Norwegian consortium consisting of a turbine producer and EPCI company (we are in dialogue with some). We are confident that this proposition can outperform the market on most aspects:

- **Cost:** the turbine system will be more cost efficient than the traditional GE and Andritz solutions due to less material needed
- **Efficiency:** The turbine system will have higher efficiency and discharge
- **Financing:** With a Norwegian consortium, we are able to tap into [GLEK financing](#) (favourable conditions for 80% of the contract value), and Enova/MTO softfunding “MiljøTeknologiOrdningen” co-financing up to 35% of the contract value

We are happy to invite you to contribute to moving Tidetec forward. We are confident in our technology, but we need to take some steps further into the market. Join us and be part of an emerging market that can give UK 10% of its annual power needs when fully exploited!

Tidetec needs to capitalise the company with 5 MNOK for a two-year perspective. The funds will be used mainly for three purposes:

- Project management for delivery of proposal for Wyre, and development of delivery team (3 MNOK)
- FEED (engineering to adapt turbine to Wyre (1.5 MNOK))
- Continued/develop further IP protection (0.5 MNOK)

The current pricing is 721 NOK per share – which we consider as a moderate pricing, same pricing as last ordinary fundraise, but higher than the convertible loan deal (NOK 1.753.000 total NOK 500 per share), we issued early 2017 with a low price - due to patent uncertainty at that time.

Company share capital prior to this investment round, is NOK 15.383.256 divided on 21.336 shares.

Assuming subscription of up to 6.935 new shares in this round, the Company will be valued at NOK 20.383.391 - divided on 28.271 shares.

Risks

We want to be open about the risks of investing in a start-up company. The technology risk is significantly reduced, but the market risk is quite high, as the barrage projects are yet few and large. There is an IP risk, as the European PCT patent isn't granted yet, however we are quite optimistic on the IP risk side based on the fact that the Norwegian patent is already granted.

Timeline

Fundraise will start 01.02.2018 and close 01.03.2018.

Complete Term Sheet will be made available for download on www.Tidetec.com.



Shareholders	As per 01.01-2018		Post fundraise	New shares if no dillution	Cost new shares
	shares	%			
Kollan AS	15 393	72,1 %	54,4 %	5 003	kr 3 607 381
Truls Golten	1 041	4,9 %	3,7 %	338	kr 243 960
PowerTech	483	2,3 %	1,7 %	157	kr 113 192
Kristoffer Magnus Winther	399	1,9 %	1,4 %	130	kr 93 506
PR Invest	357	1,7 %	1,3 %	116	kr 83 664
Patri Invest & trading AS	357	1,7 %	1,3 %	116	kr 83 664
Sigmund Thorp	311	1,5 %	1,1 %	101	kr 72 883
Krafthuset AS	300	1,4 %	1,1 %	98	kr 70 306
Smithn consulting	290	1,4 %	1,0 %	94	kr 67 962
Hugg AS	277	1,3 %	1,0 %	90	kr 64 916
Joachim Amland	255	1,2 %	0,9 %	83	kr 59 760
Knut Kollandsrud	200	0,9 %	0,7 %	65	kr 46 870
Siri Kollandsrud	200	0,9 %	0,7 %	65	kr 46 870
Arne Kollandsrud	200	0,9 %	0,7 %	65	kr 46 870
Kjetil Vågen	179	0,8 %	0,6 %	58	kr 41 949
Frima Holding AS	160	0,7 %	0,6 %	52	kr 37 496
Altmann Holding AS	151	0,7 %	0,5 %	49	kr 35 387
BN Skansen Invest	139	0,7 %	0,5 %	45	kr 32 575
Tess	139	0,7 %	0,5 %	45	kr 32 575
Right AS (Per Hove)	75	0,4 %	0,3 %	24	kr 17 576
RWM AS	75	0,4 %	0,3 %	24	kr 17 576
Femkuber AS	75	0,4 %	0,3 %	24	kr 17 576
Ziegler Technologies	75	0,4 %	0,3 %	24	kr 17 576
Karin Kollandsrud	55	0,3 %	0,2 %	18	kr 12 889
Haakon Knudsen	50	0,2 %	0,2 %	16	kr 11 718
Norlaks - Smolten AS	40	0,2 %	0,1 %	13	kr 9 374
Hamarøy Kommune	40	0,2 %	0,1 %	13	kr 9 374
Oddvar Ottesen	20	0,1 %	0,1 %	7	kr 4 687
New shares	6 935	0	25 %	6 935	kr 5 000 135
Total after new issue	28 271		100,0 %		
Total prior to new issue	21 336	100,0 %			