

INVESTOR ANNOUNCEMENT
New Energy Technology Ltd.

8 February 2024

NACO RAISES A\$18M FUNDING ROUND LIFTING NET'S ASSET VALUE BY 2.8X% WITH EFFECTIVELY NO DILUTION

Highlights

- **NET's initial investment of A\$0.79M into Latvian green hydrogen technology venture NACO has increased in value 2.8X to A\$2.2M**
- **NACO secured A\$18M of investment in January 2024 at a A\$42M enterprise valuation**
- **A\$16M from non-dilutive prestigious European Commission finance, with the balance from two respected VC funds**
- **NACO won multiple awards including 'Cleantech-startup-of-the-year', and the 'Latvian Breakthrough 2023'**

New Energy Technology (“**NET**”) is pleased to announce that portfolio company Naco, with help from NET, has successfully closed a significant funding round, materially raising the value of NET's holdings and delivering Naco the capital it needs to achieve commercial production.

In mid-2022, NET invested an initial A\$224K of capital in exchange for 1.50% of NACO shares. Then in early 2023, following strong technology progress, NET invested a further A\$568K (on favourable terms previously negotiated) to fund Naco to build their first production line. NET's cumulative investment was **A\$792,365 for 5.49%** of the company.

In January 2024, Naco was awarded **A\$16.31M** (€10m) in finance from the European Commission's renowned and highly competitive EIC Accelerator grant. **A\$1.95M** (€1.2m) of investment capital from respected venture funds was also received in a 'Pre-Series A' funding round led by new investor Impact Ventures and followed by existing major shareholder The Untitled Ventures. NET was instrumental in closing the funding round for Naco.

NET did not participate, as the round was effectively non-dilutive for NET and the finance available was sufficient, and NET's investment strategy continues to be to find new investments rather than follow.

Following this funding round, NET now owns **5.23%** of NACO's shares valued at **A\$2,215,870, an increase of 2.8X** from NET's initial **A\$792,365** of capital invested in the last 18mths. NACO's entity valuation is now A\$42M, up from A\$14M.

NET is particularly pleased with this outcome given that the volume of venture capital deployed globally reduced by 40% during 2023, which combined with interest rate rises, inflation, the crash of two VC banks, and two wars that both have implications for energy supply chains, to result in challenging capital raising conditions. To successfully raise growth capital against a significant valuation increase from serious investors in these conditions demonstrates that Naco is seen as have a promising future.

Naco has now successfully tested and proved its pilot production line in Riga, Latvia, which was funded by NET's 2023 capital investment. The funds received from the current round will be used to build Naco's first full commercial scale production factory, likely in Poland and almost certainly supported by significant further non-dilutive capital grant finance, this time from the Polish government.

Large customers have already signed Letters of Intent to purchase volume product once the new plant is ready to produce.

Naco's 'Advanced Magnetron Sputtering' technology allows them to coat membranes with such high precision that they can pre-determine the orientation of each atom and form deliberate single-atom layered crystalline nano-structures to form a coating. This produces far stronger, more robust, and more conductive surfaces coating the core membranes inside electrolysers, batteries, and fuel cells than competitors can. By doing this, less precious metal is needed to make them strong, they last for years longer, operate at better efficiency, and remain at a higher efficiency for longer. This can deliver material reductions to the cost of producing green hydrogen.

NACO's progress has been acknowledged with startup honours and awards in 2023 including the "Nordic Cleantech Open's 'Cleantech-startup-of-the-year', and the National 'Latvian Breakthrough 2023' awards.

NET Director Rowan Logie, based in Australia, visited the Naco team in Riga in late 2023 to contribute to strategy, and NET's Head of Engineering Côme Gérôme, based in France, separately visited and spent time with the technical team and inspected the new production line. NET's Rowan Logie and Greg Stace continue to meet regularly with the Naco founders virtually and help them with commercialisation strategy and execution.

NET will now join Naco's newly established supervisory board of directors to oversee and contribute to commercialisation and scaling activities.

The Naco valuation uplift takes NET's Net Tangible Assets to A\$37M, with the portfolio now sitting at 8X initial capital invested.

NET management are pleased with NET's continued growth in the face of significant market headwinds and look forward to continuing to grow the business with your help throughout the challenges and opportunities 2024 presents.

Thank you for your ongoing support of NET's efforts in accelerating the green fuel value chain to reach net zero faster.

-ENDS-

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About New Energy Technology

NET is a diversified hydrogen business led by a global team of green fuel experts. To fulfill its mission of accelerating the green fuel value chain to reach net zero faster, NET invests in and commercializes critical technologies, develops large scale infrastructure projects, consults with ambitious businesses seeking entry into the landscape, and introduces suppliers with customers.

About NACO

Naco are a Latvian-based green fuel technology venture empowering the green hydrogen revolution. They have invented proprietary nano-coating technology that can be used by major manufacturers to radically cut the cost of making critical hardware used in the hydrogen value chain, including electrolysers, batteries, and fuel cells.