



Financial Report H1 2022



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In brief

TECO 2030 helps the maritime industry to reduce its emissions

Actions are needed to reduce the environmental and climate impacts of international shipping. By delivering technological solutions that help ships reduce their emissions, TECO 2030 accelerates to the green transition in the maritime sector.

TECO 2030's main focus is to develop hydrogen fuel cells for ships and other heavy-duty applications. Fuel cells are the engines of tomorrow and convert hydrogen into electricity while emitting nothing but water vapour and warm air.

By installing hydrogen fuel cells, ships and other heavy-duty applications can therefore eliminate their greenhouse gas emissions.

TECO 2030 firmly believes that hydrogen will be part of the solution to combat climate change, and that hydrogen fuel cells will be key to reducing greenhouse gas emissions from shipping.

Cleantech for the shipping industry

It is, however, likely to take decades before all vessels that run on fossil fuels have been phased out.

By 2050, almost half of all ships are expected to still be dependent on conventional fuels, according to a report published by the American Bureau of Shipping (ABS) in April 2020.

That is why TECO 2030 is also developing technology that enables ships running on fossil fuels to reduce their emissions, such as carbon capture and storage (CCS) solutions and exhaust gas cleaning systems.

Carbon Capture and Storage (CCS)

TECO 2030 is currently developing CCS solutions for the maritime industry together with the American technology company Chart Industries, Inc. These will capture CO₂ in the ship exhaust and store it until the ship reaches port.

When offloaded, the CO₂ can either be permanently stored in geological formations underground or be put to beneficial use in CO₂-consuming industries.

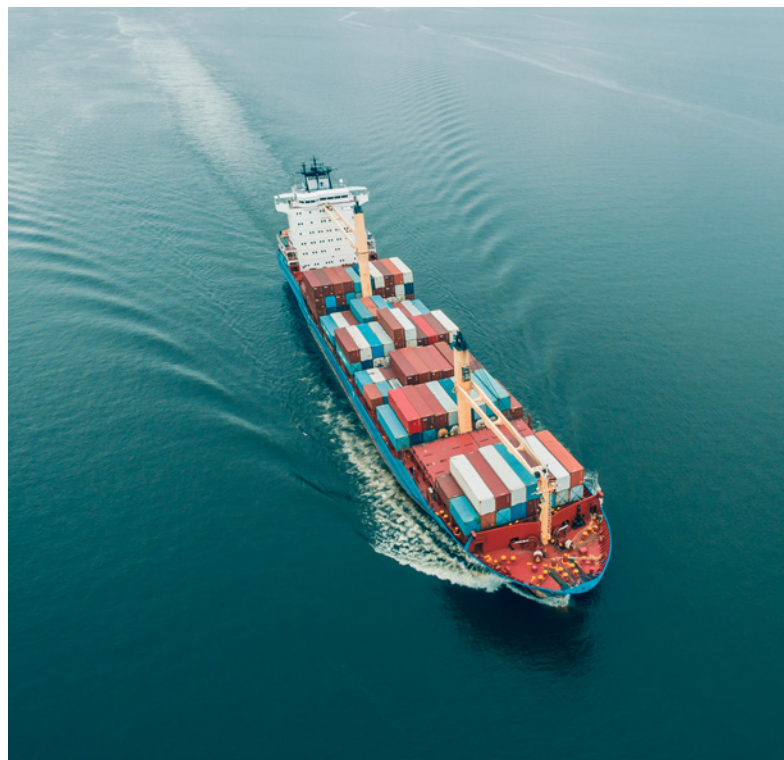
Better exhaust gas cleaning systems can also help to reduce pollution from ships. The TECO 2030 Future Funnel is a next-generation exhaust gas cleaning system that has been developed to enable ships to comply with upcoming and stricter environmental regulations.

The system reduces the amount of sulphur and nitrogen oxides (SO_x and NO_x), black carbon and particles (PM) that is emitted with ships' exhaust gases.

28 years of experience in maritime technology

TECO 2030 was founded in the autumn of 2019, and has its roots in the TECO Maritime Group, a group that has provided technology and repair services to the global shipping industry since 1994.

TECO 2030 is headquartered at Lysaker, just outside of Oslo, and was listed on Euronext Growth on Oslo Stock Exchange in October 2020 under the ticker: TECO. The company has as of June 30th, 2022, 33 employees.





Letter from the CEO



The first six months of 2022 have passed by, and we have achieved several important milestones for our development projects as well as on the commercial side of the fuel cell segment. During the first half of the year, we have seen a macroeconomic change in global trade with regards to the conflict in Ukraine, energy security crisis in the EU and trade disruptions with Covid-19 closures. The conflict in the EU has significantly increased Europe's focus on becoming independent from Russian fossil energy and to increase the progress towards green energy. Green hydrogen is clearly going to be a vital contributor towards the EU's energy independence and towards the decarbonization of heavy-duty and maritime industries.

The fuel cell project development is moving forward with full speed towards start of production for the first pilot unit at AVL's facilities in Q4 2022/Q1 2023. The fuel cell stack has performed thousands of hours in AVL's testbench and is performing better than our expectations from the feasibility study. Several of the components have been through detailed evaluation, simulation, and selection. The decision of components is a large milestone for the engineering team of TECO2030 and is a large step towards a zero-emission fuel cell future. We are continuously working towards achieving higher results and minimizing the risk of our fuel cell stacks. I am confident that the stacks will be leading heavy-duty fuel cells for maritime and heavy-duty industries.

On the commercial side, we have achieved new partnerships with clear targets of achieving results in different hydrogen projects where we will deliver fuel cells. In February, we announced a strategic cooperation with Al-Misehal Group in the Kingdom of Saudi Arabia with a goal of establishing a joint venture for deployment of hydrogen fuel cells in the region. Over 10% of global trade travels through the Red Sea corridor and is the main trade route between Europe and Asia. Local presence in the region will be key to successful implementation of hydrogen fuel cells onboard ships.

In March 2022, we had the pleasure of having the Norwegian Prime Minister visiting us in Narvik at the Innovation Center for a tour of the facility and to learn more about our plans for the facility. The Prime Minister was completely aligned and impressed by our plans and visions of an emissions-free ocean space. It is important to us, that everyone we work with stands shoulder to shoulder, and moves in the same direction. Nobody can solve the climate change challenge alone.

Furthermore, we have welcomed several new colleagues in Narvik, bringing the total to 6 colleagues at the Innovation Center with 2 more starting during Q3 2022. The production design, planning and procurement of production equipment is ongoing and according to schedule. I am impressed

and humbled by the reception we have had since our announcement of establishing a production facility in Narvik, this is something I am very proud of, and I'm looking forward to succeeding together with the local community as one team.

Through the remaining part of 2022, we expect to achieve new milestones and secure new projects. Since the balance date of this report, we have secured 5 MNOK in funding for the high-speed vessel of the future, launched the HyTruck cooperation with AVL, and sold another one BWTS systems. The next few months will be filled with trade-fairs, conferences, fuel cell development workshops and general corporate work. Stay tuned for new achievements on our voyage to zero emissions.

Lysaker, Norway, September 2, 2022

Tore Enger
Chief Executive Officer of TECO 2030 ASA

Main highlights in H1 2022

TECO 2030 signed MoU with Gen2 Energy

During January 2022 TECO 2030 and Gen2 Energy signed a Memorandum of Understanding to cooperate on relevant projects where green hydrogen is needed for fuel cells.

The parties have jointly committed to investigate the supply of hydrogen from Gen2 Energy for relevant projects where customers need hydrogen and power conversion through fuel cells either in ports, offshore fish farms or other heavy-duty customers. Further, Gen2 Energy will involve TECO 2030 Fuel Cells in Gen2 Energy's seaborne value chain, allowing hydrogen to be transported onboard vessels powered by TECO 2030 hydrogen fuel cells.

will be a rewarding partnership in terms of knowledge sharing, economic growth, and innovative thinking for achieving the ultimate goals of the net zero vision.

Raised 6.7 MNOK in private placement

During February 2022 TECO 2030 raised approx. NOK 6.7 million (USD 750,000) through a private placement. The shares were issued at a price of NOK 4.166 per share to one investor, AI-Misehal Group. This placement followed the AI-Misehal Group's initial placement of NOK 21.5 million (USD 2.5 million) in TECO 2030 on October 7th, 2021, making AI-Misehal Group among TECO 2030's largest investors.

Sale of four BWTS systems

In the first half of 2022 TECO 2030 sold four ballast water treatment systems. These sales were made to three different ship owners with value of 4,34 MNOK. All ballast water treatment system sales were conducted by TECO 2030's team in Miami, USA.

AI Misehal Group strategic cooperation

During February 2022 TECO 2030 signed a strategic cooperation agreement with AI Misehal Group in the Kingdom of Saudi Arabia. The strategic cooperation agreement aims to result in a Joint Venture between the parties with the purpose of conducting business which will reduce environmental impact in the KSA.

The cooperation is built to contribute towards the KSA's "Vision 2030" with an ultimate goal of achieving net zero by 2060. The TECO 2030 and AI-Misehal cooperation aims to be a leading supplier of zero emission hydrogen-based fuel cells in the region, with an intended goal of converting various power sources towards zero emissions. This strategic cooperation

Signed LOI with Narvik Hydrogen

During March of 2022 TECO 2030 signed a letter of intent with the Norwegian energy company Narvik Hydrogen to cooperate on relevant projects with the aim of developing a complete hydrogen value chain.

As part of the agreement, the two parties will discover, evaluate and participate in relevant projects. For the projects they decide to cooperate on, Narvik Hydrogen will provide green hydrogen to be used as fuel for the fuel cells developed by TECO 2030.

Raised 70.6 MNOK in a Convertible Loan

In June 2022 TECO 2030 raised 70.6 MNOK in a secured convertible bond loan from new and existing investors, including the Company's Saudi Arabian partner and the landlord of the premises in Narvik.

The convertible bond loan has a term of 3 years, an interest rate of 8 % p.a. and can be converted by the shareholders at a conversion rate of 5,0868 NOK.

Commenced trading on OTCQX

In June 2022 TECO 2030 was upgraded from the OTCQB Venture Market to OTCQX Best Market in New York, USA. TECO 2030 is tradable on the OTCQX market under the ticker TECFF. Trading on OTCQX will enhance the visibility and accessibility of the Company's shares to U.S. investors.

The OTCQX Best Market provides value and convenience to U.S. investors, brokers and institutions seeking to trade TECO 2030. The OTCQX Best Market is OTC Markets Group's premier market for established, investor-focused U.S. and international companies. To be eligible, companies must meet high financial standards, follow best practice corporate governance, demonstrate compliance with U.S. securities laws, be current in their disclosure, and have a professional third-party sponsor introduction.

Launch of Hy-Ekotank

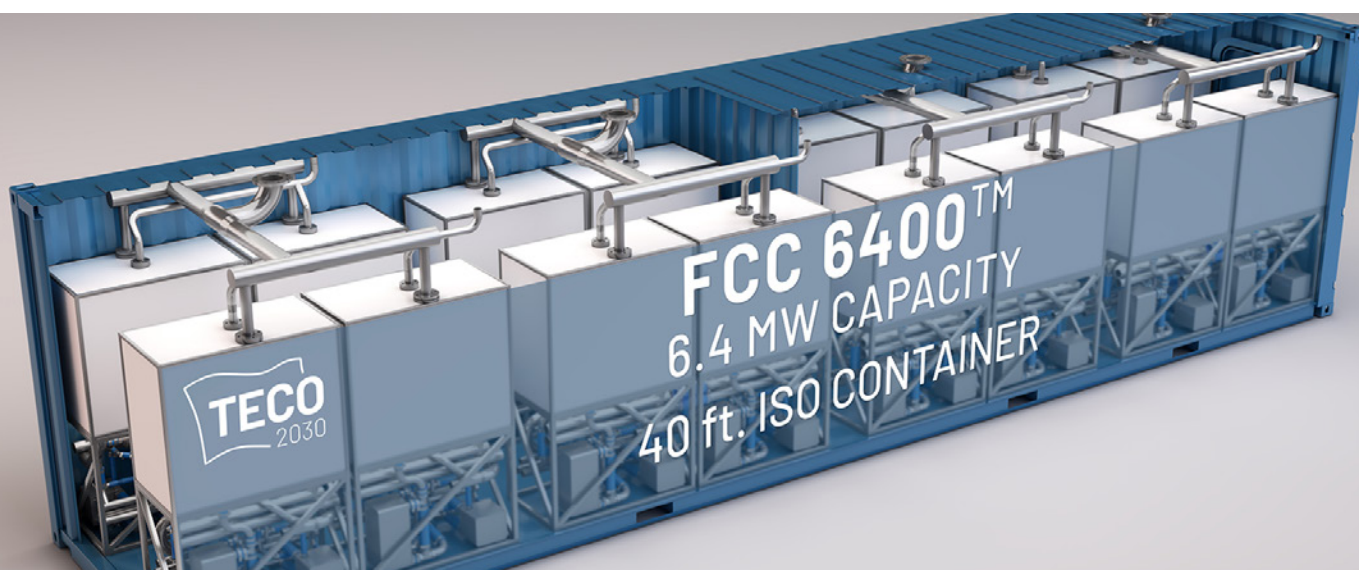
In the month of June TECO 2030 launched a hydrogen powered tanker concept, Hy-Ekotank, together with our partners Ektank AB, Shell Shipping and Maritime, and the class society DNV.

The hydrogen powered tanker will allow zero emission at berth, and up to 100% reduction of GHG emissions during voyage. This pioneering concept could become a first mover in this maritime shipping segment and contribute to the developments of achieving the ambitious climate targets committed by the European Union.



Business areas

TECO 2030 is an innovative cleantech company that is developing and supplying technology that enables ships to become more climate and environmentally friendly. We are currently offering the following products:



TECO 2030 Fuel Cell

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

With our fuel cell technology, ships can operate emission-free, both on the whole journey, and on shorter distances. By exchanging one or more of their engines with a TECO 2030 Fuel Cell, ships can sail into and out of ports emissions-free. The TECO 2030 Fuel Cells will therefore enable vessels that are operating in different countries, such as cruise ships and ferries, to comply with any emission regulations they may encounter when crossing national borders. Hydrogen fuel cells can also be used during port-stay, loading and discharging, enabling zero-emission operation at berth, without having to connect the ship to an onshore power supply.

The TECO 2030 Fuel Cell can also be used on other large vehicles and applications, such as equipment used on construction sites. The system will function much like a generator that is powered by diesel or other fossil fuels but will use hydrogen as fuel and will therefore be emissions-free.

The TECO 2030 Fuel Cell will be delivered in modules, each with a capacity of 400 kW. These can easily be put together, enabling system configuration in 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. 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.

Fuel Cell Factory

TECO 2030 Innovation Center



The TECO 2030 Fuel Cells will be produced at TECO 2030's new Innovation Center and Gigafactory in Narvik in northern Norway. The planning of the production line and factory is being done in close cooperation between TECO 2030 and AVL.

During Q2 2022, RFI (Request for information) has been forwarded to potential suppliers of production lines and equipment. Based on the feedback, a short list is made and RFQ (Request for quotation) has been forwarded to the relevant companies. The selection process is ongoing, and the production equipment is planned to be ordered during Q3 2022. TECO 2030 is also progressing well on the financing of the production line and all belonging equipment.

The production of fuel cells will commence during Q4 2023, but the pilot production will start already late 2022/early 2023 at AVL's premises in Graz, Austria.

In parallel, TECO 2030 is staffing up its Narvik-office which, by the end of year, is expected to contain 10-12 employees.

Finally, the fuel cell factory's location is ideal in relation to Europe and Norway's rising electrical prices. The north of Norway is experiencing electrical prices which are substantially lower than the rest of the country. The regions electrical grid suffers from constraints in its ability to export electricity to the rest of the country. This causes the prices in this region to remain low for the foreseeable future.

TECO 2030 Carbon Capture and Storage

It will likely take decades before all vessels that run on fossil fuels have been phased out, and carbon capture and storage (CCS) solutions will therefore also play a role in reducing CO₂ emissions from ships.

Such technology has the potential to reduce greenhouse gas emissions from the shipping industry by more than 30% by 2050, according to DNV's Maritime Forecast to 2050, published in September 2021.

In addition to reducing the ships' climate footprint, onboard carbon capture and storage solutions can contribute to economic savings, as lower emissions will result in lower costs. Many countries and regions across the world are contemplating making polluting ships pay, for example by making them buy emission allowances for each ton of CO₂ which they emit.

In June 2021, TECO 2030 signed a memorandum of understanding with the American technology company Chart Industries, Inc. Together, we are currently developing CCS solutions for the maritime industry and plan to make these available to the market in 2023.

In addition, TECO 2030 is exploring other partners and technologies to offer the most competitive and practical solution for all segments of the maritime industry.

TECO 2030 Carbon Capture and storage system will separate the CO₂ from the ship's exhaust gases, resulting in a high purity liquid CO₂ product, which will be stored onboard in cryogenic storage tanks until the ship reaches port. When offloaded, the CO₂ can either be permanently stored in geological formations underground or be reused and put to beneficial use in CO₂-consuming industries.

The Approval in Principle process with the classification society DNV was started in July and is expected to be completed by the end of Q3 2022.





TECO 2030 Future Funnel

Exhaust gas cleaning systems can also help to reduce pollution from ships. The TECO 2030 Future Funnel is a next-generation exhaust gas cleaning system that has been developed to enable ships to comply with upcoming and stricter environmental regulations.

The system reduces the amount of Sulphur and Nitrogen Oxides (SO_x and NO_x), black carbon and particles (PM) that are emitted with ships' exhaust gases.

The TECO 2030 Future Funnel (De-SO_x) has been developed by TECO 2030 in cooperation with the Austrian powertrain company AVL. AVL holds one of Europe's most advanced R&D testing facilities and has tested the Future Funnel design through its state-of-the-art simulation system. This has been done by simulating a running time of more than 20 years through extreme conditions to design and produce the best cleaning system available.

Due to the Covid-19 pandemic and lower fuel price spread during 2020 and 2021, the De-SO_x market activities were slower, but the price spread between the HFO (Heavy Fuel Oil) and LFO (Low Sulphur Fuel) has increased significantly in 2022 and provided considerably lower ROI for the shipowner.

TECO 2030 Ballast Water Treatment Solutions

Ballast water treatment systems eliminate marine organisms that are present in the ballast water. Ballast is extra weight that is onboard a ship to ensure sufficient stability, and water tanks are often used for this purpose. Discharges of ballast water can lead to serious environmental problems by spreading marine species from one geographical area to another, thus out-competing and displacing native species.

To prevent this from occurring, the Ballast Water Management Convention of the International Maritime Organization (IMO) requires that ships operating in international waters must be compliant with the ballast water treatment rules by 8 September 2024. For most vessels, this means they must get a ballast water treatment system installed.

The ballast water treatment systems supplied by TECO 2030 are designed and produced by the French BIO-UV Group and by Denmark's Desmi Ocean Guard. Cooperating with these two experienced providers enables TECO 2030 to offer a wide range of ballast water treatment systems to the market.





Corporate & finance

TECO 2030's financial figures for the first half of 2022 are typical for companies in growth and with technologies under development. Revenues are small, expenses are increasing, and EBITDA and other key figures are according to schedule. It is important to understand and evaluate the nature of the business, market and products as well as the general risk of companies and groups like TECO 2030. Until TECO 2030 reaches the point of full commercialization for its major products, a lot of time, money and focus is spent on necessary development processes and growth. A lot of the cash spent is identified in the balance sheet as the developments are progressing. The significance and quality of TECO 2030's development project related to PEM fuel cells for the maritime and other heavy-duty industries is demonstrated by Innovation Norway's grant of NOK 50 million in October 2021.

Below, various key numbers for the first half of 2022 are discussed in more detail.

Statement of comprehensive income

The total revenues during the first half of 2022 were NOK 4.5 million. Most of the group's revenues originate from the sale of 4 ballast water treatment systems. When comparing the 1H 2022 revenue to 1H 2021 the group experienced a revenue decrease of 6.1 million NOK. This is directly explained by a decrease in the number of ballast water treatment systems sold in 2022 compared to 2021. The group is in continuous dialog with potential customers in relation to sales of BWTS, and the group has registered new sales of BWTS during Q3 2022.

The group's other operating expenses increased by NOK 8.8 million compared to 1H 2021 resulting in other operating expenses of NOK 15.8 million. The increase in other operating expenses is caused by the ramp-up process and growth in the number of employees, as well as the establishment of the production facility in Narvik including lease payments to the factory landowner. EBITDA for the period was NOK -28.8 million. This is a decrease of NOK 8.8 million compared to 1H

2021 and a result of the processes explained previously. The EBITDA result is in line with management's expectations.

Total loss for the period was NOK 36.3 million, down from NOK 21.7 in 1H 2021. The group is still in a start-up phase and most of the group's focus during 1H 2022 has been directed towards its ongoing development projects.

Statement of financial position

The group's total assets for the period amounted to NOK 325.9 million. This was an increase of NOK 65 million compared to year-end 2021. The main increase in total assets is derived from a NOK 56.6 million increase in intangible assets. For more information on the intangible asset increase see note 4.

The group's total equity for the period was NOK 79.3 million. This is a reduction of NOK 25.3 million compared to year-end 2021. The reduction in equity due to the loss for the period is partly offset by a private placement in February and the calculated value of the conversion right related to the convertible bond loan raised in June (please see note 3 for more information).

During 1H 2022 TECO 2030's total non-current liabilities amounted to NOK 184.2 million. Compared to year-end 2021 total non-current liabilities increased by NOK 66.5 million. This increase correlates with the group's issuance of convertible debt. For more information related to the convertible debt see note 3.

Total current liabilities increased by NOK 23.8 million during this year's first six months to NOK 62.3 million. The reason is primarily related to an increase in Trade and other payables of NOK 21 million. This change is caused by a major milestone payment to TECO 2030's development partner AVL which was paid during July.

Total liabilities for the group were NOK 246.6 million and the increase from December 2021 can mainly be explained by the convertible bond loan and the payable to AVL.

Statement of cash flows

Net cash flow from operating activities was NOK - 17 million and is mainly a result of the loss for the period of NOK 36.6 million and the changes in trade and other payables of NOK 21 million. The cash flow from operating activities was almost NOK 6 million better compared to 1H 2021.

Net cash flow from investing activities was NOK 53 million, significantly higher than the comparable period last year. The increase correlates with the group's heavy investments in the technological development of the TECO 2030 PEM Fuel Cells. The group's investments in development are expected to continue at the same level during 2H 2022. This is also in line with the group's development agreement with AVL.

Net cash flows from financing activities were NOK 71.9 million. During 1H 2022 the company received NOK 70.1 million in net proceeds from the convertible bond loan as well as NOK 6.6 million through a minor private placement.

TECO 2030's cash and cash equivalents at the end of the period was NOK 61.3 million, almost twice the amount of 1H 2021.



Risk factors

Foreign exchange risk

During the first half of 2022, the Group was, to some extent, exposed to foreign exchange transaction risk as some of the development expenses are denominated in EURO, whereas the funding has been in NOK. The sales of ballast water treatment systems have all been made in EURO and USD. The corresponding purchases of the items have largely been made in the same currency so that we, to a large extent, have avoided foreign exchange risk for these sales activities. The costs involved in the ongoing development program related to the fuel cells are primarily denominated in EURO and the Group will face some foreign exchange transaction risk between EURO and NOK also going forwards. Through the subsidiary in Miami, the Group is also exposed to NOK/USD transactions. The Company has not secured any FX trades but is constantly monitoring the FX market and the Company's exposure. Translation risk may also arise due to the conversion of amounts denominated in foreign currencies to NOK, with NOK being TECO 2030's current reporting and functional currency.

Liquidity risk

TECO 2030 has, through a number of share issues over the last two years, successfully raised the funds necessary to continue its ongoing development projects and the corresponding ramp-up of the Group's activities. The complete development programs for the fuel cells and the carbon capture technologies are still not fully financed. The Group is working on several paths in order to secure the remaining funding needs until the Group is financially self-sustaining from sales. Hence, there is a liquidity risk related to TECO 2030's ability to complete the ongoing developments. TECO 2030's success in selling future funnels and ballast water treatment systems as well as entering into firm contracts for fuel cells and carbon capture technology will also affect the Group's need to raise additional external capital.

Risks related to regulations and changes in policy

Governmental regulations in the jurisdictions in which TECO 2030 operates, relating to issues such as health, security, environment, and tax will affect the Company's business going forwards. New or changing regulations implemented by the International Maritime Organization, the United Nations authority serving as regulator of all vessels sailing in international waters, may affect the markets in which TECO 2030 operates. Additionally, regulations might also be imposed by flag states and local authorities.

Risks related to key personnel and competence

TECO 2030's future success will partly depend on its abilities and efforts to retain key members of the management team, including recruiting, retaining, and developing skilled personnel for its business. TECO 2030's total number of employees is considered lean and there is therefore a particular focus on the need for retaining key personnel. The company's future success will also partly depend on its continued cooperation with its business partners.

Credit risk

Credit risk is the possibility of a loss resulting from a customer's failure to meet its contractual obligations. Although it is impossible to know exactly who will default on obligations, properly assessing and managing credit risk can lessen the severity of a loss. TECO 2030 has a limited number of customers as per June 2022 but has established internal guidelines to minimize the risk of such situations occurring. The Group seeks, to the extent possible, to ensure that payment terms related to sales of systems are linked to payment terms towards sub-suppliers. This reduces the Group's credit risk and liquidity exposure.



Covid-19

The pandemic was still a concern to most parts of the world during the first half of 2022, especially during the first 2-3 months. Towards the end of the first half year a number of factors, probably to some extent a consequence of the pandemic, were causing great concern. These include increasing inflation, raising interest rates, scarcity on various products and raw materials due to delays resulting from the fact that various parts of the value chains have accumulated though the pandemic.

Oil prices were on a high level during the first half and will probably continue on a high level for the rest of the year. Further, the price spread between high-Sulphur and low-Sulphur fuel oils are back to levels which makes the exhaust gas cleaning system (Future Funnel) an attractive investment case for a wide variety of ship owners. Consequently, TECO 2030 sees this as an opportunity to finally start selling this equipment.

War in Ukraine

The ongoing war in Ukraine has already had a significant impact on companies and people around the world, and especially in Europe. For TECO 2030, the situation is, nevertheless, relatively unchanged and the war has had little, or no impact. A further escalation or a long-lasting war may increase the impact and consequences beyond what we are able to foresee today and may lead to shortage of raw materials and equipment such as microchips necessary for TECO 2030's future fuel cell production. This conflict has significantly increased Europe's focus on becoming independent from Russian fossil energy and to increase the progress towards green energy.

TECO 2030

Statements of Comprehensive Income

Amounts in NOK	Notes	01.01.2022– 30.06.2022	01.01.2021– 30.06.2021
Revenue from contracts with customers		4,518,448	10,606,514
Other income		849,598	159,946
Total Income		5,368,046	10,766,460
Costs of goods sold		-3,640,398	-7,847,827
Personnel expenses		-14,742,520	-15,933,930
Other operating expenses		-15,854,260	-7,005,984
EBITDA		-28,869,132	-20,021,282
Depreciation and amortisation		-5,770,329	-1,921,874
Total operating expenses		-40,007,508	-32,709,616
Operating loss		-34,639,462	-21,943,156
Finance income		1,086,528	352,702
Finance cost		-2,767,858	-144,811
Net financial income (expense)		-1,681,330	207,891
Loss before tax		-36,320,792	-21,735,265
Income tax expense		-	7,439
Loss for the period		-36,320,792	-21,727,826
<i>Other comprehensive income:</i>			
Items that will be reclassified to profit or loss		-306,736	-62,067
Total other comprehensive income for the period		-306,736	-62,067
Comprehensive income for the year		-36,627,528	-21,789,893
<i>Earnings per share</i>			
Basic EPS, profit for the period attributable to ordinary equity holders		-0.26	-0.18
Diluted EPS, profit for the period attributable to ordinary equity holders		-0.26	-0.18

The interim financial information has not been subject to audit or review.

TECO 2030

Statements of Financial Position

Amounts in NOK	Notes	30.06.2022	31.12.2021
ASSETS			
Non-current assets			
Property, plant and equipment		907,015	952,950
Intangible assets	4	108,759,431	52,160,538
Goodwill	4	2,630,725	2,443,557
Restricted deposits		2,900,000	2,900,000
Right-of-use assets		99,797,688	98,566,451
Finance lease receivables		14,652,786	17,907,869
Other non-current assets	3	1,000,000	-
Total non-current assets		230,647,645	174,931,365
Current assets			
Trade and other receivables		18,901,242	13,585,813
Inventories		9,456,056	8,489,870
Other current assets		4,057,973	2,485,670
Current financial lease receivables		1,501,735	1,711,154
Cash and cash equivalents		61,337,229	59,618,726
Total current assets		95,254,235	85,891,233
TOTAL ASSETS		325,901,880	260,822,599

Amounts in NOK	Notes	30.06.2022	31.12.2021
EQUITY AND LIABILITIES			
Equity			
Share capital	2	1,419,787	1,403,699
Share premium	2	186,854,182	180,243,997
Other reserves	3	10,516,220	5,770,480
Currency translation differences		-291,856	14,880
Retained earnings		-119,167,264	-82,846,471
Total equity		79,331,069	104,586,581
Non-current liabilities			
Non-current lease liabilities		116,563,902	117,330,509
Other non-current liabilities		375,000	375,000
Convertible debt	3	67,283,974	-
Total non-current liabilities		184,222,876	117,705,509
Current liabilities			
Current lease liabilities		5,840,932	4,002,441
Interest-bearing loans and borrowings		1,623,029	1,623,029
Trade and other payables		47,040,195	26,040,999
Other current liabilities		7,843,779	6,864,039
Total current liabilities		62,347,935	38,530,508
Total liabilities		246,570,811	156,236,017
TOTAL EQUITY AND LIABILITIES		325,901,880	260,822,599

TECO 2030

Statements of Cash Flows

Amounts in NOK

	01.01.2022– 30.06.2022	01.01.2021– 30.06.2021
Cash flows from operating activities		
Profit or loss before tax	-36,627,528	-21,727,826
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Net financial income/expense	-1,228,317	-207,891
Share based payments	914,087	2,658,900
Depreciation, amortisation and impairment	5,770,329	1,921,874
<i>Changes in working capital:</i>		
Changes in trade receivables and other receivables	-5,315,429	-1,410,665
Changes in trade and other payables	20,999,196	-1,908,754
Change in inventories	-966,186	-608,121
Changes in other current assets and current liabilities	-590,611	-1,608,946
Net cash flows from operating activities	-17,044,459	-22,891,429
Cash flow from investing activities		
Purchase of property, plant and equipment	-154,854	-567,839
Development expenditures	-52,901,492	-4,799,559
Placement in deposit	-	-2,900,000
Net cash flows from investing activities	-53,056,346	-8,267,398
Cash flow from financing activities		
Net proceeds from issuance of equity	6,626,273	19,999,985
Net proceeds from convertible debt	70,115,627	-
Proceeds from public funding	-	375,000
Cash payments for the principal portion of the lease liability	-3,897,110	-455,067
Cash payments for the interest portion of the lease liability	-2,398,060	-27,867
Cash received for the principal portion of the sublease receivables	1,050,558	-
Cash received for the Interest portion of the sublease receivables	322,019	-
Net cash flows from financing activities	71,819,308	19,892,051
Net increase/(decrease) in cash and cash equivalents	1,718,503	-11,266,776
Cash and cash equivalents at beginning of the period	59,618,726	43,717,208
Cash and cash equivalents, end of period	61,337,229	32,450,432

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

The interim financial information has not been subject to audit or review.

TECO 2030

Statements of Changes in Equity

Amounts in NOK	Share capital	Non registered capital	Share premium	Other reserves	Currency translation differences	Retained earnings	Total equity
Balance as of 31 December 2020	1,200,000	-	83,785,307	449,731	29,214	-29,850,219	55,614,031
Issuance of shares 13.01.2021	40,000	-	9,950,000	-	-	-	9,990,000
Issuance of shares 26.06.21 not registered*		19,999,985	-	-	-	-	19,999,985
Share base payment options	-	-	-	2,658,900	-	-	2,658,900
Conversion rights	-	-	449,731	-449,731	-	-	-
Profit (loss) for the year	-	-	-	-	-	-21,727,826	-21,727,826
Income tax expense prior year		-	-	-	-	-76,968	-76,968
Other comprehensive income	-	-	-	-	-62,067		-62,067
Balance as of 30 June 2021	1,240,000	19,999,985	94,185,038	2,658,900	-32,853	-51,655,015	66,396,056

* The issuance of shares referred to as not-registered, was officially registered on July 2, 2021

Amounts in NOK	Share capital	Non registered capital	Share premium	Other reserves	Currency translation differences	Retained earnings	Total equity
Balance as of 31 December 2021	1,403,699	-	180,243,997	5,770,480	14,880	-82,846,471	104,586,581
Issuance of shares	16,088	-	6,686,285	-	-	-	6,702,373
Transaction costs - Issuance of shares			-76,100	-	-	-	-76,100
Share base payment options	-	-	-	914,087	-	-	914,087
Conversion rights	-	-	-	3,831,653	-	-	3,831,653
Profit (loss) for the year	-	-	-	-	-	-36,320,792	-36,320,792
Other comprehensive income	-	-	-	-	-306,736		-306,736
Balance as of 30 June 2022	1,419,787	-	186,854,181	10,516,220	-291,856	-119,167,264	79,331,069

TECO 2030

Notes to financial statements

Note 1 - General information

TECO 2030 ASA ("The Company" or TECO 2030) is an innovative engineering and equipment development company with focus on a greener and cleaner environment. The Company is working to identify and develop high quality, cutting edge and cost-effective solutions to significantly reduce ecological impact of maritime pollution. TECO 2030 is striving in a fast-paced environment to help clients operate within the maritime rules and regulations at present and to meet new standards in the future. The Company is aiming to become a leading provider for Green Maritime Technology (GMT), through developing and delivering solutions for a cleaner global environment.

TECO 2030 ASA (org. nr. 923 706 747) is a public limited liability company incorporated and domiciled in Norway. The Company was incorporated on the 30 September 2019. The registered office address of TECO 2030 is Lysaker torg 45, 1366 Lysaker, Norway.

The 2022 half-year interim financial report has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the TECO 2030 annual report for the year ended 31 December 2021 and any public announcements made by TECO 2030 during the interim reporting period. The accounting policies adopted in this half-year financial report are consistent with the accounting policies applied in the previous annual report and corresponding interim reporting period, except for the adoption of an accounting policy for the convertible debt (see note 3) and for the adoption of new and amended standards. A number of amended standards became applicable for the current reporting period. The group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards. The Board of Directors approved this interim report on 1 September 2022.

Note 2 - Equity and shareholders

Date	Number of shares authorised and fully paid	Par value per share (NOK)	Carrying amount (NOK)
At 1. January 2022	140,369,814	0.01	1,403,698
Share issue 14.03.2022	1,608,827	0.01	16,088
At 30. June 2022	141,978,641	0.01	1,419,786

In February 2022 the Company announced a completion of a private placement through an allocation of 1 608 827 shares at a subscription price of NOK 4,166 per share, giving gross proceeds of NOK 6,7 million. The share capital increase was registered on 14 March 2022.

The share capital following the share issue was NOK 1 419 786 with 141 978 641 shares with a nominal value per share of NOK 0,01.

The Company's 20 largest shareholders as of 30 June 2022 are shown in the table below.

Shareholder	# shares	%
TECO GROUP AS	52,041,430	36.65%
CLEARSTREAM BANKING S.A.	25,814,922	18.18%
Citibank	15,649,950	11.02%
JAKOB HATTELAND HOLDING AS	8,000,000	5.63%
UBS Switzerland AG	6,084,116	4.29%
SOLVIK HOLDING AS	3,493,394	2.46%
HANSEN EIENDOM OG KONSULT AS	3,211,362	2.26%
TECO MARITIME GROUP AS	2,885,250	2.03%
EQUITOR AS	2,645,140	1.86%
Saxo Bank A/S	1,887,832	1.33%
JAHATT AS	1,774,812	1.25%
RUBBER INNOVATION HOLDING AS	1,624,130	1.14%
Morgan Stanley & Co. Int. Plc.	1,464,800	1.03%
KBC Bank NV	1,427,379	1.01%
MEDIKOM AS	1,018,835	0.72%
PCJ INVEST AS	860,870	0.61%
ESRO INVEST AS	805,580	0.57%
SIX SIS AG	521,826	0.37%
MARCUSSEN SHIPPING AS	494,410	0.35%
ABN AMRO Global Custody Services N	482,575	0.34%
20 largest shareholders	132,188,613	93.10%
Others	9,790,028	6.90%
Total shareholders	141,978,641	100%

Note 3 – Convertible debt

TECO 2030 ASA entered into a secured convertible bond agreement on 1 June 2022. TECO 2030 borrowed a total of NOK 70,6 million from ten private non-bank lenders. Terms of the loan agreement include 8% fixed-rate interest to be paid quarterly, with the principal due at the maturity date in three years (1 June 2025). The interest payment each quarter is NOK 1,4 million. The loan may be repaid by TECO at their discretion in the time period of 7 December 2022 up until the maturity date at the amount of principal plus any outstanding accrued interest.

The debt agreement includes a conversion right, giving the lenders a right but not an obligation to convert the loan into shares at a fixed conversion price of NOK 5,0868. The conversion period is open twice a year, during the time period 7 December 2022 and to the bond maturity date. The lender must convert a minimum of NOK 1 million of total debt held at each conversion request.

TECO accounts for the secured convertible bond agreement in accordance with IFRS 9 Financial Instruments and IAS 32 Financial Instruments: Presentation. Equity conversion rights that are a part of a debt agreement are evaluated for the presence of embedded derivatives, which are separated from the debt agreement and recognized at fair value through profit or loss. Conversion rights that meet the definition of “fixed-for-fixed” are measured at fair value and recognized directly as equity at initial recognition of the convertible bond agreement. Borrowings are recognized at amortized cost using the effective interest method at an appropriate market interest rate. Transaction costs directly related to the borrowings are included in the effective interest amortization schedule.

There are no embedded derivatives in the agreement. The interest payable on the secured convertible debt is fixed at 8%. Management has evaluated the market interest rate for this loan without the conversion rights to be 10,5%. The difference in the net present value of the cash flows at these two interest rates is the fair value of the conversion rights. The equity conversion rights have been recognized in the financial statements directly to equity at a fair value of NOK 3,8 million, presented as part of Other reserves. Initial recognition of the debt is at amortized cost using the market interest rate of 10,5%. The 30 June 2022 amortized cost of the convertible debt is NOK 67 million, presented as a non-current liability. The accrued interest on the loan for the reporting period recognized in the statement of comprehensive income as a financial expense is NOK 429 thousand.

The loan is secured with a formally registered (“tinglyst”) property mortgage on the leased Narvik production facility. TECO has obtained the right to register the Narvik facility as collateral against the convertible debt by means of a payment to the lessor of NOK 1 million. NOK 500 000 has been paid in June 2022 and the remaining NOK 500 000 is payable in 2023. This NOK 1 million is appropriately accounted for as a direct transaction cost to obtain the loan and is included in the measurement of the interest expense for the loan using the effective interest method. The prepayment of NOK 500 000 and the payable of NOK 500 000 as of 30 June is presented in the balance sheet as Other non-current assets. This balance will be amortized over the life of the loan (or until conversion) as interest expense.

Note 4 - Intangible assets

	Development	Completed development	Sales and distribution agreements	Production plant design development	Goodwill	Website	Total
Acquisition cost 31.12.2021	38,554,402	13,025,555	3,750,000	978,840	2,443,558	50,400	58,802,755
Additions	56,594,256		-	1,445,936	-		58,040,192
Disposals	-	-	-	-	-	-	-
Currency translation effects	-	-	-	-	187,168		187,168
Acquisition cost 30.06.2022	95,148,658	13,025,555	3,750,000	2,424,776	2,630,726	50,400	117,030,116
Accumulated amortisation 31.12.2021	-	-3,124,399	-1,062,500			-11,760	-4,198,659
Amortisation	-	-1,061,260	-375,000	-	-	-5,040	-1,441,300
Disposals	-	-	-	-	-	-	-
Accumulated amortisation 30.06.2022	-	-4,185,659	-1,437,500	-	-	-16,800	-5,639,959
Carrying amount 30.06.2022	95,148,658	8,839,896	2,312,500	2,424,776	2,630,726	33,600	111,390,157
Economic life (years)		7	5			5	
Amortisation plan		Straight-line method	Straight-line method			Straight-line method	

Additions Half Year 2022

The Group has capitalized a total of NOK 58 million in development expenses during the first six months. Of these expenses a total of approx. NOK 55 million is related to the development of the TECO 2030 PEM Fuel Cells. The expenses are made up of capitalized internal work hours as well as external assistance from AVL in connection with the development agreement signed in 2020. The remaining additions are related to the development of the Carbon Capture & Storage technology and the development of the Fuel Cell poroduction line in Narvik.

Note 5 - Events after the reporting period

In July TECO 2030 ASA announced that it will lead a consortium with partners Umoe Mandal and BLOM Maritime to develop a hydrogen powered high-speed vessel with zero emissions. The consortium will receive up to 5 million NOK in funding support. 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.

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

The DemoTruck project is currently constructing a prototype class 8 / 40-ton truck with outstanding power density capabilities which provides a perfect form factor to enable integration of over 300kW net fuel cell systems into standard truck chassis. The DemoTruck prototype will be on the road in mid-2023.

In August TECO 2030 ASA received an order for one TECO 2030 Ballast Water Treatment System powered by BIO-SEA from CMI Ship Management, for the ship M/V Ocean Diamond, worth approximately NOK 910,000.



TECO
2030

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