TECO 2030

Annual Report 2023

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In Brief

TECO 2030: Powering the industry's transition to renewable energy

Actions are needed to reduce the environmental and climate impacts of international trade and global industries. By delivering technology solutions that help ships and heavy machineries reduce their emissions, thus TECO 2030 aims to contribute to the green transition in the heavy-duty industry space.

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

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

TECO 2030 is building up Europe's first Giga production facility of hydrogen PEM fuel cell stacks and modules in Narvik, Norway. The production capacity will be built up through 2024 and 2025, targeting an output capacity of up to 200 MW of fuel cells in 2025, increasing to 3.2 GW in 2030.

30 years of experience in maritime technology and services

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. The company had 52 employees as of December 31st 2023.

Collaborative	We gain and share knowledge internally and, when necessary, seek new solution externally
Honest	We are not afraid to speak up and we always deliver on what we promise. We do not take any shortcuts or behave in an unethical way
Innovative	We build on our expertise and seek new knowledge. We use our competence to find new and innovative solutions

By delivering technology solutions that help ships and heavy machineries reduce their emissions, thus TECO 2030 aims to contribute to the green transition in the heavy-duty industry space.

Letter from the CEO

2023 was like a rollercoaster, with ups and downs! During 2023, our corporate developments and improvements made our organization stronger, more lenient, and responsive to challenging times and overcoming tough periods.

Throughout 2023, we made significant progress towards achieving our objectives for large-scale fuel cell production in Narvik, Norway. Our FCM400 stands out as the world's most robust fuel cell system, specifically tailored for marine and heavy-duty applications. The development of this unit is close to completion, with the subsequent focus shifting towards scaling up production at our Narvik facility. Our dedicated team in Narvik has persistently advanced the necessary procedures to start the installation of production equipment and initiate the high-volume manufacturing process of fuel cell systems when time comes.

Moreover, we have successfully assembled our first FCM400 system and integrated it into AVL's testbed for rigorous testing and validation. Recent updates indicate promising strides in maintaining stable power output over time, showcasing the commendable progress achieved by our development team. During Q4 2023, numerous stakeholders have visited Graz, Austria to experience the fuel cell module firsthand, including a significant workshop with Yokogawa's engineering team.

We are delighted to share updates on the progress of our two flagship projects. The first involves a collaborative effort with Implenia to power their construction site, while the second focuses on upcoming deployments for the HyEkoTank project. Both initiatives are advancing steadily, with our team gaining invaluable insights into the intricacies of various components and system requirements. This continual learning process is instrumental in guiding our efforts towards achieving the objectives set forth in these pivotal projects.

Furthermore, we have supplied AVL with the four fuel cell stacks required for their HyTruck project, a project which is delayed and outside our control. Each HyTruck fuel cell module will incorporate two TECO stacks, specially designed for heavy-duty trucks, showcasing their power density and durability in the challenging terrain of the Austrian Alps. In 2023, we conducted a comprehensive feasibility study to explore the industrialization opportunities of these fuel cell modules through our supply chain network, yielding positive results based on the groundwork laid thus far in the FCM400 project.

Our robust sales pipeline and outstanding quotes reflects our ongoing commitment to engaging with prospective clients, investors, and stakeholders globally, underscoring our collective ability to achieve substantial emission reductions. In 2023, we secured outstanding quotes totaling approximately EUR 800 million, bolstering the overall active quotes to well over EUR 1.3 billion.

While uncertainties continue regarding the realization of these potential projects, they serve as a testament to the growing global interest in zero-emission power solutions, affirming the pivotal role of fuel cells in achieving climate targets and clean energy supply.

TECO 2030 has actively enhanced collaborations with prospective clients, investors, and partners, extending the reach of our FCM400 initiative beyond the maritime sector to encompass various heavy industries. This strategic expansion highlights our commitment to forging impactful partnerships across diverse sectors and solidifying our position as a leading fuel cell supplier.

The investment landscape has evolved notably over the past year, presenting new challenges amidst changing monetary conditions. We remain adaptable to these shifts and are confident in our ability to navigate them successfully.

As we reflect on the dynamic engagement of 2023, marked by our participation in global exhibitions, conferences, and hydrogen summits, we look forward to leveraging our strengths and innovative capacities to spearhead sustainable initiatives in 2024 and beyond.

Lysaker, Norway, July 16th, 2024

Tore Enger
Chief Executive Officer

Main operational highlights in 2023

Completed selection of all major components for fuel cell modules

During January TECO 2030 completed the selection of all major component suppliers and procured necessary parts for the first 400kW fuel cell modules (FCM400) marking that the first units are getting ready for assembly.

Start of HyEkotank project

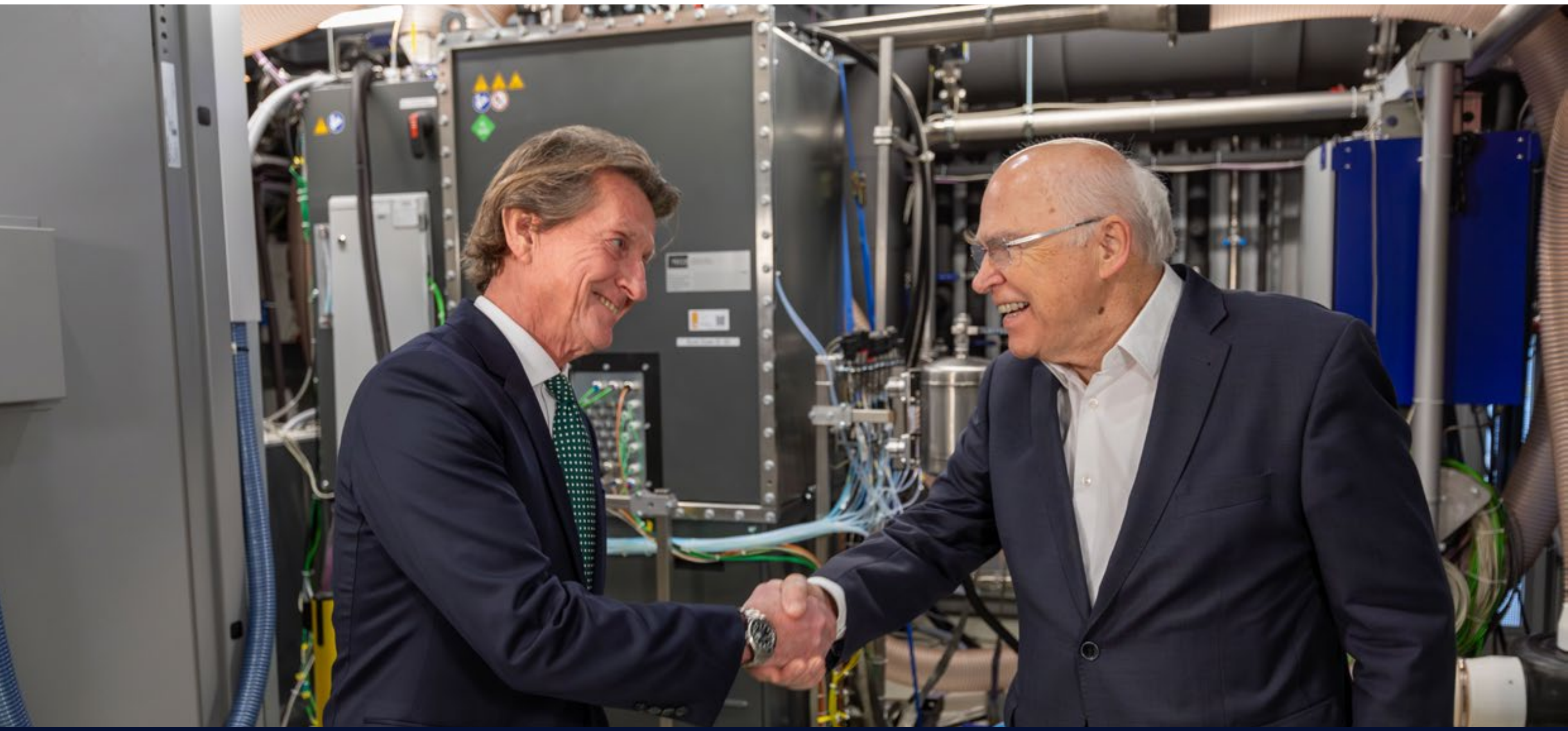
During February, the HyEkoTank project which has been awarded a EUR 5 million grant under the European funding scheme HORIZON EUROPE started, together with Shell and the other consortium partners. HyEkoTank project intends to develop and install a retrofit solution to transform the existing fleet and accelerate the achievement of climate neutrality of both sea-going and inland waterway waterborne transport. The project outlines an ultimate goal of:

1. A standardized and easy-to-integrate 40ft ISO container including a 2.4 MW fuel cell system, hydrogen fuel gas conditioning, air filtration systems, power converters, battery storage and automation system.
2. A containerized, 350 bar, compressed hydrogen storage with 4000 kg capacity with type approval to perform hydrogen refueling by swapping of containers using cranes.

Heavy duty feasibility study with AVL

In February TECO 2030 and AVL signed a contract for a feasibility study of developing and industrializing a Fuel Cell System for heavy duty (HD) trucks based on the technology platform and supply chain developed during the fuel cell development program of 100kW stack and 400kW module.

Furthermore, TECO 2030 and AVL completed its feasibility study in May. The results from the feasibility study showed that system performance targets could be met or exceeded while using existing TECO 2030 infrastructure in Narvik and our marine fuel cell technology.



MOU with undisclosed party for up to 50MW of hydrogen engines

During March TECO 2030 signed an MOU with an undisclosed party for cooperation on several fuel cell projects which in total could represent 50 MW of fuel cell output. The projects represent marine fuel cells and on shore stationary fuel cell systems in megawatt scale. The MOU outlines a 3-year cooperation commitment to successfully execute the project objectives.

Unlocked grant from Innovation Norway

In March TECO 2030 fulfilled all prerequisites connected with the NOK 50 million grant from Innovation Norway and started to withdraw the first NOK 40 million. The grant was awarded to TECO 2030 in October 2021 and was the second largest single project grant provided by Innovation Norway in 2021.

TECO 2030 officially opened the Innovation Center, and completed first production

In early May, TECO 2030 started manual production at the Innovation Center in Narvik, Norway. This marked the beginning of manual stack production of our own 100kW fuel cell stacks. The manual production of fuel cell stacks is an essential step towards the commercialization of TECO 2030's fuel cell technology. The first stack was successfully completed in mid-May.

TECO 2030 and Skeleton enter strategic partnership

During June TECO 2030 and Skeleton Technologies entered a strategic partnership to boost zero-emission technologies. As a first step, Skeleton's SuperBattery shall be integrated with TECO 2030's fuel cell modules in the HyEkoTank project. Skeleton Technologies and TECO 2030 will then aim to develop joint solutions combining TECO 2030's hydrogen fuel cells and Skeleton's SuperBattery to enable the maritime industry's transition to net-zero.

Completion of first Future Funnel Installation

In June TECO 2030 completed its first Future Funnel installation. Future Funnels are designed to reduce air pollution from the emissions of ships and other industrial sources. These systems are particularly used in the maritime industry to comply with stricter environmental regulations.

TECO 2030 and partners to receive EUR 13.5 million Horizon Europe grant for passenger ferry project

In July, TECO 2030 with partners were invited for HORIZON EUROPE funding of EUR 13.5 million to build and demonstrate a passenger ferry powered by TECO 2030 fuel cells. The grant amount reserved for TECO 2030 is approx. EUR 2.3 million. The principal goal of the project is to accelerate the transition towards safe use of sustainable fuels in waterborne passenger transport through full-scale demonstration of hydrogen fuel cells within maritime applications.

TECO 2030 signs MoU with an undisclosed European Motor Company

In August, TECO 2030 has signed an MoU with an undisclosed renowned European Motor Company. The MoU is signed to formally set out a pathway to collaborate with ongoing and future projects.

TECO 2030 and Pherousa Green Shipping sign supply agreement to realize ammonia powered zero-emission deep-sea shipping

In September, TECO 2030 and Pherousa Green Shipping AS (PGS) sign green package supply agreement for up to six modern, zero-emission Ultramax dry bulk carriers of about 63.000 deadweight tons each. Each vessel will be equipped with 12 megawatts (MW) of TECO 2030 fuel cells for main propulsion onboard.

TECO 2030 launches the world's most compact and efficient inherently safe marine fuel cell system

In October, TECO 2030 is pleased to launch on the world's most power dense marine and heavy-duty fuel cell module, the FCM400. The FCM400 has already an Approval in Principle from DNV and currently undergoes type approval process for maritime and heavy-duty applications. FCM400 is inherently gas-safe to accommodate easy integration onboard a ship for zero emission energy generation.

TECO 2030 and Yokogawa Sign Partnership and Investment Agreement

TECO 2030 ASA and Yokogawa Electric Corporation announce that they have signed a strategic partnership and investment agreement regarding the development of technology for utilizing hydrogen fuel cells in industrial applications. Under this agreement, Yokogawa Electric has invested in TECO 2030 by way of acquiring treasury shares, and the two companies will collaborate on optimizing hydrogen fuel cell technology and exploring business opportunities for distributed power sources in the maritime transportation and other industrial sectors.

Key milestone for one of the world´s most powerful hydrogen fuel cells

TECO 2030 has successfully injected its fuel cell system with hydrogen and created emission free hydrogen-electric power. The 400kW module represents the most compact and energy dense system available for marine vessels and other heavy-duty equipment.

By 2030, the target is to produce a capacity of 4.000 units per year at TECO's giga factory in Northern Norway. In that way, TECO wants to potentially reduce the amount of CO_2 emissions similar to the number of annual emissions from countries like Sweden or Portugal and cities like Berlin or Toronto according to the C40 Knowledge Hub.

TECO's fuel cell technology offers a compelling alternative to traditional diesel machinery, addressing critical environmental concerns, while also relieving the pressure on port- and city grid capacity, and the use of critical materials. The switch to fuel cells signifies a major step in supporting the clean transition targets under the European Green Deal, the U.S. Inflation Reduction Act and other frontrunner regions.

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. The company is currently operating the following business areas:

TECO 2030 Hydrogen Fuel Cells

Hydrogen fuel cells represent one of the future technologies of propulsion and power generation systems, efficiently transforming hydrogen into electricity while emitting nothing but water vapor and warm air as by-products. The TECO 2030 Fuel Cell is the first and only fuel cell system globally which is explicitly engineered for maritime applications and other heavy-duty segments.

With our fuel cell technology, ships can operate emissionfree, both on the whole journey, and on shorter distances. By exchanging one or more of their combustion engines with TECO 2030 Fuel Cells, ships can sail in 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 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 Cells can also be used on other large vehicles and applications, such as power generator equipment used at 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 emission-free.

The TECO 2030 fuel cells are delivered in 100kW stacks or modules, each module with a capacity of 400 kW. We call these modules FCM400's. These systems are scalable and can easily be installed together, enabling system configuration into multi-megawatt scale. The fuel cells will be suitable for both retrofits and newbuilds and will offer a zero-emission alternative for applications where batteries are considered unsuitable.

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.

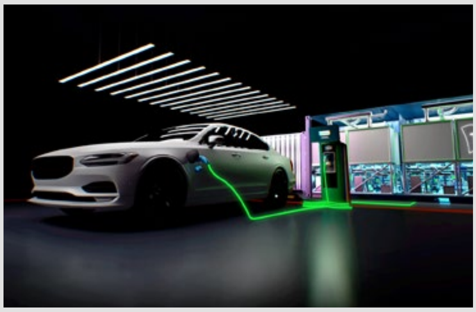
Application segments for hydrogen fuel cells:

Maritime and heavy-duty applications

Retrofit, newbuilds, port applications

Stationary power generation

Power generators, data centers, EV charging stations



Mobility hydrogen fuel cell vehicles

Aviation, mining vehicles, trains & heavy-duty trucks

Offer license agreement for local production

Stack production, module production, full factory setup

Fuel Cell Factory - TECO 2030 Innovation Center

The TECO 2030 Fuel Cell systems will be produced at TECO 2030's Innovation Center AS and Gigafactory in Narvik in northern Norway. The facility spans over more than 15,000 square meters divided in two floors which partially holds a clean room standard. The planning and development of the production line and factory layout is being done in close cooperation between TECO 2030 and AVL, while thyssenkrupp Automation Engineering will supply the complete automated production equipment.

In May 2023, we officially opened our fuel cell factory, and started the manual production of our own 100kW fuel cell stacks. The team is currently familiarizing themselves with small-scale fuel cell production while getting the facility ready for the installation of the thyssenkrupp equipment in mid-2025. Towards the installation of the thyssenkrupp equipment, manual stack production, and soon also manual assembly of FCM 400 modules, will be scaled up to build necessary inhouse competence, experience and, importantly, to serve ongoing pilot projects.

TECO 2030 started the pilot production of fuel cell stacks in the factory in Q2 2023. The aim is that by 2030, the factory will be able to produce 1.6 GW of fuel cells every year, which could lead to several billions of NOK in annual turnover. By maximising the number of shifts to include a 24/7 operation, the planned production equipment could even facilitate an annual production of up to 3.2 GW.

Fuel cells with a combined capacity of 3.2 GW can produce as much electricity as a large nuclear power plant. When ships replace their diesel engines with these fuel cells, the result will be annual emission savings of around 12.3 million tonnes of CO_2 based on internal calculations of a fuel cells system's annual operations.

Adding to the facility opening, we also appointed Rune Karlsen as the Managing Director of TECO 2030 Innovation Center, and he will lead the manufacturing processes locally at the facility. In parallel to the ongoing smallscale production, TECO 2030 has staffed up the needed resources in Narvik to progress efficiently. Some of the team members in Narvik are also assisting the fuel cell development team at Lysaker.

Corporate and finance

Corporate

TECO 2030 Group had a total of 52 full time equivalent employees at the end of 2023. Divided over five Group companies, 6 employees in TECO 2030 ASA and 22 in TECO 2030 AS at Lysaker, 20 in TECO 2030 Innovation Center AS in Narvik, 3 in TECO 2030 Inc. in Miami, and 1 in TECO 2030 Pte. Ltd. Singapore.

Financing

TECO 2030 has financed its operation since 2019 by raising funds through various private placements. The last big private placement was made in November 2022 and the Company has worked intensely throughout 2023 to raise additional funds but the global capital market has proven to be very challenging for a small company without revenue and products ready for production. Despite these challenges, the Company has managed to continue its operations due to several smaller private placements/sale of borrowed shares, funding from public funding schemes such as Innovation Norway and EU Horizon and new tranches in the convertible bond loan.

In October 2023, the Company entered into a loan agreement with its largest shareholder, TECO Group AS. Through this loan agreement the Company may borrow up to 20 million shares which it can sell or deliver quickly to investors in smaller or bigger portions. As per end of December 2023, the Company had borrowed 5 million shares. The loan is interest free, and all borrowed shares will be delivered back to TECO Group AS by June 30, 2024, through a rights issue towards the lender. This loan agreement has enabled the Company to avoid traditional book-building processes which often is the case in bigger private placements.

Into 2024, the Company is continuing its search for additional funding and the Company is aiming to close one or more private placements during the year.

Report from the Board of Directors

History and background

TECO 2030 ASA is an innovative engineering and equipment development company aiming to significantly increase the use of renewable energy, specifically in the form of hydrogen fuel cells and to reduce the environmental footprint of the shipping industry and other heavy-duty industries. TECO 2030's ambition is to develop tomorrow's technology today.

TECO 2030 ASA ("the Company" or "TECO 2030") is the parent company of the TECO 2030 group ("the Group"). The head office is located at Lysaker, outside Oslo, Norway, with branches in Narvik, Miami and Singapore.

TECO 2030 ASA was established in 2019 whereas the Group for all practical reasons was established in 2020. In October 2020, TECO 2030 went public on Euronext Growth Oslo.

Operations, research and development

During 2023, the number of employees in TECO 2030 grew by 13 to 52 by end of 2023. Despite this increase, the organization is still considered to be relatively lean and with a strong focus on employing people with a proactive approach, searching for improved solutions towards our common goal: a cleaner and better environment. To reach our ambitious goal, the Group continued its preparations for industrial production of fuel cells in Narvik. The largest operational focus during 2023 has, however, been to continue the product development, and deploying fuel cells in upcoming pilot customer projects.

Strategy

TECO 2030's primary goal is to become a leading provider of PEM hydrogen fuel cells to the heavy-duty and maritime industry to help these industries move towards a zero-emission society. By developing tomorrow's technology today in close cooperation with sophisticated and experienced partners and the industries, TECO 2030 aims to become a profitable and successful player in the important energy transition towards greener and cleaner marine and heavy-duty industries.

IMO predicts an increase in maritime global trade by 50- 250% by 2050. Despite this increase, IMO has a goal of reducing CO2 emissions by at least 40% by 2030, and 70% by 2050 when comparing to 2008 emission levels. TECO 2030 has a goal of being a preferred provider for ship owners to meet these goals through strategic partnerships. Such collaborations provide TECO 2030 with the possibilities to develop leading industry technologies that will help ship owners comply with IMO's emission regulations.

TECO 2030 will maintain a lean, highly skilled, and efficient organization and rather purchase services and competence from cooperating partners when needed. This will enable the Group to reach its ambitious targets without building a large internal R&D organization and maintain primary focus on industrializing the fuel cell system.

Through this strategy, TECO 2030 reduces the Company's financial and operational risk as it enables the Company to select between various technological developments before committing itself to significant expenses.

Financing

During 2023, the Company raised a total of approx. NOK 21.1 million in new equity through the issuance of 4,070,000 new shares. The major contributor was related to the conversion of NOK 19.5 million in the convertible bond loan in March 2023. Further, the Company raised approx. NOK 16 million in new tranches in the convertible bond loan. Since the listing in October 2020, the Company has successfully raised close to NOK 400 million in new equity and convertible bond loans. The Company has also been successful in raising grants from various public funding schemes, either directly or indirectly through project involvement, from organizations such as Innovation Norway, Horizon Europe, ENOVA and The Research Counsil of Norway.

During 2023, Innovation Norway released NOK 40 million out of the NOK 50 million grant awarded October 2021. The remaining NOK 10 million were released in Q1 2024 after successfully submitting the project end-report. Despite the release of grants during the year, 2023 was financially a challenging year for TECO 2030, as referred to in the "Going Concern"-part of the BoD report. Since year end 2023, the Company has signed an agreement with an international investor committing the investor to invest USD 4 million (approx. NOK 42 million) in the way of a private placement, estimated to take place in second half of July 2024. Further, in June 2024 approx. NOK 82.6 million of the outstanding convertible bond loan (incl. accrued interest) was converted into new equity. Following this last conversion, the total remaining bond loan amounts to approx. NOK 14.2 million.

The share price closed at NOK 4.37 on 31st December 2023, down by approx. 60 % from the previous year-end.

TECO 2030-Group Consolidated financial position and cash flow

Statements of Comprehensive Income

As the Group is still developing its core product and has very limited sales, it is still considered to be in a start-up phase. 2023 is the TECO 2030 Group's third year of full operation and the financial results are a consequence of the Group being in an early stage of its operations.

The Group's revenues of NOK 9.3 million (2022: NOK 12.6 million) comes primarily from the sale of a future funnel delivered during the year and certain sublease agreements in Narvik and at Lysaker in addition to the completion of some deliveries of ballast water treatment systems. The Group's total operating expenses were NOK 110.5 million which represents an increase of NOK 15.9 million from 2022 (NOK 94.5 million) and was primarily made up of NOK 47.2 million in personnel expenses (2022: NOK 37.9 million) and NOK 36.1 million in other operating expenses (2022: 35.7 million). The main reason for the increase is personnel expenses is the increase of 13 employees from 2022 to 2023. The Group's operating loss was NOK 101.1 million (2022: NOK 81.9 million). Net financial expenses were NOK - 16.5 million and is mainly related interest expenses on the Group's lease agreements and convertible bond loan as well as loss on foreign exchange currencies.

Total loss for the year was NOK 117.7 million after tax (2022: NOK 93.4 million).

Statements of Financial Position

The Group's total assets increased from NOK 356.4 million in 2022 to NOK 507 million in 2023. NOK 413.5 million are related to non-current assets whereof intangible assets (NOK 302.1 million) and right-of-use assets (NOK 93.6 million) are the major items. Intangible assets consist of capitalized development expenses, which, due to continued development work related to the Group's PEM fuel cells increased by NOK 152.9 million during the year). Right-of-use assets are related to the Group's rental contracts in Lysaker and Narvik and are only subject for annual adjustments.

Despite an overall small increase in current assets, inventories and other current assets both increased significantly from NOK 12.9 million in 2022 to NOK 79.1 million (combined) in 2023. These two balance sheet items are highly related to the Group's purchase of components for the first pilot fuel cell stacks and modules. In parallel, the Group's cash position was significantly reduced by NOK 47 million during 2023.

Non-current liabilities increased from NOK 206.6 million in 2022 to NOK 251.2 million in 2023. This increase of NOK 44.6 million is primarily a consequence of received grants from Innovation Norway being booked as non-current liability and recognised in the income statement as other income in the following years.

Total current liabilities were NOK 250 million per end of 2023, an increase of NOK 202.4 million from 2022 (NOK 47.7 million). The increase is related to a significant increase in trade and other payables (NOK 175 million) from 2022 as the Group has experienced challenges in paying suppliers full amounts for services and parts delivered.

The Group's total equity amounts to NOK 5.7 million, down from NOK 102.1 million in 2022. Throughout 2023 TECO 2030 raised a total of NOK 20.7 million in new equity, mainly through a partly conversion of the convertible bond loan in March 2023 (NOK 19.6 million). During first half of 2024, TECO 2030 has taken initiatives to strengthen the equity by converting more of the bond loan and receive commitment form an international investor for an upcoming private placement. These processes are explained in more details under Events after the end of the financial year. The equity/total assets ratio has been reduced from 28.6 % in 2022 to 1.1 % in 2023.

Statements of Cash Flows

Cash flow from operating activities was NOK - 60.4 million in 2023 (2022: NOK -79.5 million) whereas cash flow from investing activities was NOK - 62.2 million, an improvement of NOK 42.2 million from 2022. Cash flow from financing activities was NOK 75.6 million, down from NOK 171.4 in 2022. The Group managed to raise significantly more funds through private placements and loans in 2022 compared to 2023. This provides an indication of the overall challenges TECO 2030 and similar growth companies within the green technology have faced in the financial markets during 2023. The major contributor to financing in 2023 was proceeds from public funding schemes. Total cash at the end of 2022 was NOK 0.4 million (2022: NOK 47.2 million).

TECO 2030 ASA

TECO 2030 ASA is the parent company in the Group. The company has six employees. By the end of 2023, the Company is still heavily involved in the fuel cell development project.

Revenue amounted to NOK 3.8 million (2022: NOK 2.8 million) which primarily relates to sub-lease of offices on Lysaker. Total operating expenses were NOK 33.1 million which implies a reduction of NOK 10.4 million from 2022. The reduction is partly due to some cost reduction initiatives implemented during 2023 and reduced value of the Company's share option scheme following the decline of the share price from year-end 2022 to year-end 2023. The Company's operating loss in 2023 was NOK 29.3 million versus NOK 40.7 in 2022.

The Company has a significant interest income from loans to group companies and net financials ended positive by NOK 5.5 million (2022: NOK 0.2 million) leaving an annual result for the year of NOK - 23.8 million (2022: NOK - 40.5 million).

As per end of 2023 the Company's total assets were NOK 731.2 million. This represents an increase of NOK 332.8 million from 2022. The increase is primarily due to the fact that all capitalised fuel cell development expenses within the group have been transferred to TECO 2030 ASA. Further, intercompany loans have increased significantly during 2023.

The Company's total equity was NOK 188.9 million (2022: NOK 191.6 million). The equity ratio by end of 2023 was 28.8%, down from 48.1 % in 2022. The reason is the significant increase in non-current assets.

The Company's non-current debt increased by NOK 300.8 million from NOK 178.4 million in 2022 to NOK 479.2 in 2023. The increase relates to a significant increase in liabilities to other group companies (NOK 262.4 million) and other non-current liabilities of NOK 38.8 million. The latter is related to the NOK 40 million out of the total NOK 50-million grant from Innovation Norway.

The Company's net cash position as of 31 December 2022 was NOK 43 thousand, down from 42.2 million in 2022. Through issuance of new equity and a convertible bond loan the Company raised a total of NOK 181.3 million in net proceeds during 2022 leading to a net cash flow from financing activities of NOK 176.9 million. Net cash flow from operating activities was NOK - 178.8 million which mainly relates to loans to subsidiaries, whereas net cash flow from investing activities was NOK - 13 million.

The BoD proposes the net loss of NOK 40,492,636 to be allocated to Losses brought forward. The financial statements are prepared in accordance with IFRS as adopted by the EU.

Risk factors

TECO 2030's development of new green technology targeting global industries and with an exposure towards the energy markets provide both opportunities and risks that may affect the company's operations, performance, financing, reputation and share price. External risk factors such as market risk, supply chain risks, technological risks, Risks related to maritime regulations and changes in policy, pandemics, political risks including war, and climate-related risks may have a significant adverse impact on the company, in addition to internal risk factors such as operational risks, risk related to loosing key personnel and competence, and financial and liquidity risks. These risk factors are described in more detail in note 4.5 and under the section Risk factors in the Annual Report.

The BoD and management team of TECO 2030 aim to monitor the various risk factors on an ongoing basis in order to control, foresee and prevent various sources of risks from becoming critical. Being a small company with limited resources, this can be a challenging task.

Working environment and external environment

At the end of 2023, the Group had a total of 52 full-time equivalents. Absence due to illness during 2023 was approximately 3.54% for the TECO 2030 Group and is considered normal. The BoD considers the working environment to be healthy and good. The market in which TECO 2030 operates is dominated by male employees, but the Group is actively working towards a diversified working environment, and the share of female employees at year-end was 17.3 %. By end of 2023, 50% of the BoD members were females, a number which was reduced to 33.3 % as per the issuance date of the Annual Report. Among the 52 employees that made up the TECO 2030 team per 31.12.2023, thirteen different nationalities were represented.

The Company highly values and promotes diversity, viewing it as a competitive edge that enhances value for both the Company and its shareholders. Committed to the UN's Sustainable Development Goals, the Company actively addresses global challenges such as poverty, inequality (including gender, ethnicity, and sexual orientation), climate change, environmental degradation, peace, and justice.

The Company works towards the goal of securing environmentally sustainable and healthy solutions for the maritime and heavy-duty industries. As such, the Company attempts through all its activities to reduce the environmental impact to a minimum. None of the Company's activities during 2023 have had any negative impact on the environment beyond an expected minimum for normal business activities. TECO 2030 has also issued an ESG-report for 2023 in parallel with the Annual Report.

Members of the BoD and the CEO are covered by a liability insurance. The insurance covers all Group-companies, and it covers the insured's personal liability for property damage which the insured can be imposed to on the basis of negligence. The insurance covers up to NOK 20 million per incident.

Corporate Governance

TECO 2030 is dedicated to transparent and accountable corporate governance, prioritizing the interests of shareholders, employees, and other stakeholders. The company aims to fully comply with the Norwegian Code of Practice for Corporate Governance, detailing and justifying any deviations in its annual report.

The Board of Directors review of governance practices, ensuring alignment with high ethical standards and reporting the findings in a dedicated section of the annual report. By focusing on transparency, accountability, and safeguarding stakeholder interests, TECO 2030 strives to foster sustainable growth and trust.

Events after the end of the financial year

In January 2024, TECO 2030 started its second EU Horizon Project, Zero Emission Adriatic Ship - ZEAS, together with 13 partners from various European Countries. The overall project grant from EU Horizon is approx. EUR 13.5 million, where approx. EUR 2.3 million is reserved to TECO 2030's deliverable of 1.2 megawatts (MW) of fuel cells for full passenger vessel propulsion.

On 16 April, TECO 2030 announced to have signed an agreement with the Indian publicly listed company Advait Infratech Limited to partner up for a partnership relating to a planned fuel cell expansion in India and the SAARC countries. Simultaneously, Advait committed to invest approx. NOK 43 million (USD 4 million) through a private placement in TECO 2030, at a price per share of NOK 2.00. The private placement is expected to take place during second half of July 2024.

On 19 June, TECO 2030 announced that the board of directors had approved the conversion of 84% of the bond loan into 41,310,511 shares at NOK 2 per share, increasing the company's total equity by NOK 82.6 million. The conversion amount included accumulated interests. The capital increase was registered in the Norwegian Business Registry on 26 June. Following this capital increase, the Company's new registered share capital is NOK 2,038,917.89 divided into 203,891,789 shares, each with a nominal value of NOK 0.01.

On 25 June, the Company held an Extraordinary General Assembly. As part of the agenda, the board of composition was reduced to three members. Pia Meling, Marit Kirkhusmo and Tim Young left the board whereas the remaining three board members continues for two more years. In addition, it was resolved to repay all borrowed shares from the share lending agreement with TECO Group AS (5.946.303 shares) by issuing the same number of shares at a cost equal to par value of NOK 0.01 (NOK 59,463.03).

Going concern

The Company is still in a ramp up phase, and the company's development programs as well as completion of the factory plant in Narvik is not fully financed. Historically, the Group's projects have been financed with proceeds from private placement on a step-by-step basis. During 2023 and into 2024, the Company has worked on raising new funds in a challenging capital market and the financial situation has been challenging. The Group commenced several cost-cut initiatives as well as entering into payment agreement with certain of its key suppliers, extending payment date into Q4-24 and Q2-25. This prove that the suppliers continue to be supportive about our business and technology.

To improve the balance sheet, amongst others to be able to participate in government grant initiatives, a process against its bondholders commenced in April 2024, and in June 2024 NOK 82.6 million was converted (nominal amount plus accrued interest). Further, in April, the Company succeeded with an agreement for an equity raise of USD 4 million (cash) towards an Indian listed Company, which is expected to be closed in second half of July 2024. The proceeds will partly be used to settle obligations of which no payment agreements are entered into, business development as well as covering operational expenses. The Group will need additional funding in 4th quarter of 2024. Management and Board have initiated several strategic initiatives and based on the progress against certain potential new investors, the Board of Directors is optimistic that sufficient funding to continue its operation, adhere to payment plans entered into with key suppliers as well as complete the development program will succeed. If the Company fails to obtain sufficient funding, this will have adverse impact on development of the Company, the value of assets and shareholder value.

The financial statements are prepared based on the going concern assumption. However, due to current market conditions, there is significant uncertainty about this assumption.

Outlook

The regulatory outlook remains highly supportive towards hydrogen and other emission-reducing technologies in the maritime and heavy-duty land-based sectors. Nevertheless, the pace of these processes is slower than previously anticipated, and this causes delays for the entire hydrogen value chain which TECO 2030 is a part of. Despite global severe challenges such as the war in Ukraine which require a lot of focus and funds, regulators are continuing their collaborations towards combating climate change and eliminating global carbon dioxide emissions. The market TECO 2030 is operating in is highly dependent on the demand for environmental impact improvements and transition towards hydrogen-electric solutions, overall, a market demand which is hard to predict.

The recent test results received in June 2024 for the first system built confirms that the development is successful and close to completion. The development has reached a level where it is very close for TECO 2030 to start producing the first systems for customers delivery. If the Company is successful with necessary funding initiatives during Q3/Q4 2024, production of the first systems will commence immediately thereupon. Further, the BoD expects the Group to be in the position of securing the first firm sales of fuel cell systems during 2024.

Although the geopolitical situation in the world still was considered a potential threat to the global economy by the end of 2023, interest rates seemed to have reached its peak level in most western countries and the strong inflation had started to come down towards more normalised levels. This can have positive effects on the Company's abilities to complete the necessary fundraising in a timely manner and affect the business operations accordingly.

Oslo, July 16th, 2024

Sigurd Gaarder Lange Chairman of the Board	Birgit Marie Liodden Member of the Board	John Herman Marcussen Member of the Board

Tore Enger
Chief Executive Officer

Financial Statements

TECO 2030 Group
Statements of Comprehensive Income

Amounts in NOK	Notes	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Revenue from contracts with customers	2.1	5,655,060	11,338,113
Other income	2.1	3,686,453	1,233,197
Total Revenues		**9,341,513**	**12,571,310**
Costs of goods sold		-13,733,949	-7,998,125
Personnel expenses	2.2	-47,239,750	-37,899,217
Other operating expenses	2.3	-36,123,075	-35,741,394
Depreciation and amortisation	3.1,3.2,3.3	-13,377,986	-12,891,930
Total operating expenses		**-110,474,760**	**-94,530,666**
Operating profit (loss)		**-101,133,247**	**-81,959,356**
Finance income	4.8	4,559,406	2,397,643
Finance cost	4.3, 4.8	-21,091,722	-13,527,919
Net financial income (expense)		-16,532,316	-11,130,276
Profit (loss) before tax		-117,665,563	-93,089,632
Income tax expense	5.1	-	-
Profit (loss) for the year		**-117,665,563**	**-93,089,632**
Other comprehensive income:			
Items that may be reclassified to profit or loss		6,451	-266,096
Total other comprehensive income for the period		6,451	-266,096
Comprehensive income for the year		**-117,659,112**	**-93,355,728**
Earnings per share			
Basic EPS, profit (loss) for the year attributable to ordinary equity holders	4.6	-0.73	-0.65
Diluted EPS, profit (loss) for the year attributable to ordinary equity holders	4.6	-0.73	-0.65

TECO 2030 Group
Statements of Financial Position

Amounts in NOK	Notes	31.12.2023	31.12.2022
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	2,805,038	1,803,266
Intangible assets	3.2	302,088,769	149,210,176
Goodwill	3.2	2,665,017	2,613,441
Restricted deposits		18,172	2,900,000
Right-of-use assets	3.3	93,571,618	95,568,483
Finance lease receivables	3.3	11,293,302	13,879,540
Other non-current assets		1,033,613	818,182
Total non-current assets		**413,475,529**	**266,793,088**
Current assets			
Trade and other receivables	2.4	12,854,217	27,966,816
Inventories	2.7	40,298,638	6,974,417
Other current assets	4.1	38,778,118	5,990,805
Current financial lease receivables	3.3	1,463,947	1,531,475
Cash and cash equivalents	4.7	165,465	47,151,358
Total current assets		**93,560,385**	**89,614,870**
TOTAL ASSETS		**507,035,915**	**356,407,959**

Amounts in NOK	Notes	31.12.2023	31.12.2022
EQUITY AND LIABILITIES			
Equity			
Share capital	4.6	1,625,813	1,585,114
Share premium		282,882,570	262,240,603
Treasury shares	4.3	-40,742	-
Other reserves	4.3	15,126,595	14,447,702
Currency translation differences		-244,768	-251,216
Retained earnings		-293,601,668	-175,936,105
Total equity		**5,747,802**	**102,086,098**
Non-current liabilities			
Non-current lease liabilities	3.3	109,462,908	113,014,663
Other non-current liabilities	2.5	48,278,408	375,000
Convertible bonds	4.3	93,497,933	93,248,447
Total non-current liabilities		**251,239,249**	**206,638,111**
Current liabilities			
Current lease liabilities	3.3	8,453,812	6,473,666
Interest-bearing loans and borrowings	4.2	450,000	1,704,180
Trade and other payables	2.5	200,324,978	25,280,911
Other current liabilities	2.6	40,820,074	14,224,990
Total current liabilities		**250,048,866**	**47,683,748**
Total liabilities		**501,288,114**	**254,321,859**
TOTAL EQUITY AND LIABILITIES		**507,035,917**	**356,407,959**

Oslo, July 16th, 2024

Sigurd Gaarder Lange
Chairman of the Board

Birgit Marie Liodden
Member of the Board

John Herman Marcussen
Member of the Board

Tore Enger
Chief Executive Officer

TECO 2030 Group
Statements of Changes in Equity

Amounts in NOK	Notes	Share capital	Share premium	Treasury shares	Other reserves	Currency translation differences	Retained earnings	Total equity
Balance at 1 January 2022		**1,403,699**	**180,243,997**	-	**5,770,480**	**14,880**	**-82,846,471**	**104,586,584**
Issuance of shares 14.03.2022		16,088	6,686,285	-	-	-	-	6,702,373
Issuance of shares 24.10.2022		17,692	8,022,179	-	-	-	-	8,039,871
Issuance of shares 26.10.2022		7,189	3,259,757	-	-	-	-	3,266,946
Issuance of shares 07.11.2022		6,007	2,723,986	-	-	-	-	2,729,993
Issuance of shares 17.11.2022		96,028	51,950,972	-	-	-	-	52,047,000
Issuance of shares 29.11.2022		38,411	20,780,389	-	-	-	-	20,818,800
Share-based payments	2.2	-	-	-	1,392,974	-	-	1,392,974
Transaction costs on issuance of shares		-	-11,426,963	-	-	-	-	-11,426,963
Conversion rights - July 2022 convertible debt	4.3	-	-	-	3,831,653	-	-	3,831,653
Conversion rights - November 2022 convertible debt	4.3	-	-	-	2,370,791	-	-	2,370,791
Warrants	4.3	-	-	-	1,081,803	-	-	1,081,803
Profit (loss) for the year		-	-	-	-	-	-93,089,632	-93,089,632
Other comprehensive income		-	-	-	-	-266,096	-	-266,096
Balance as of 31 December 2022		**1,585,114**	**262,240,602**	-	**14,447,701**	**-251,216**	**-175,936,103**	**102,086,098**

Amounts in NOK	Notes	Share capital	Share premium	Treasury shares	Other reserves	Currency translation differences	Retained earnings	Total equity
Balance at 1 January 2023		**1,585,114**	**262,240,602**	**-**	**14,447,701**	**-251,216**	**-175,936,103**	**102,086,098**
Issuance of shares 12.02.2023, exercise of share options		2,267	904,401	-	-	-	-	906,668
Issuance of shares 01.03.2023, conversion of bonds		38,433	18,750,769	-	-	-	-	18,789,202
Transaction costs on issuance of shares		-	-74,571	-	-	-	-	-74,571
Share-based payments		-	-	-	281,975	-	-	281,975
Conversion rights		-	-	-	966,493	-	-	966,493
Reclassification of converted part of conversion rights		-	1,061,368	-	-1,061,368	-	-	-
Acquisition of own shares in debt-equity swap	2.2	-	-	-21,611	-16,650,458	-	-	-16,672,069
Treasury shares acquired based on share-loan agreement (5m of 20m shares)		-	-	-50,000	-28,150,000	-	-	-28,200,000
Obligation to return borrowed treasury shares based on share-loan agreement	4.3	-	-	-	28,200,000	-	-	28,200,000
Treasury shares sold	4.3	-	-	30,869	17,092,250	-	-	17,123,118
Profit (loss) for the year	4.3	-	-	-	-	-	-117,665,563	-117,665,563
Other comprehensive income		-	-	-	-	6,451	-	6,451
Balance as of 31 December 2023		**1,625,813**	**282,882,569**	**-40,742**	**15,126,594**	**-244,765**	**-293,601,668**	**5,747,802**

TECO 2030 Group
Statements of Cash Flows

Amounts in NOK

Cash flows from operating activities	Notes	01.01.2023-31.12.2023	01.01.2022-31.12.2022
Profit or loss before tax		**-117,665,563**	**-93,089,632**
Adjustments to reconcile profit before tax to net cash flows:			
Net financial income/expense	2.2	16,532,316	-6,359,359
Share based payments		281,975	1,392,974
Depreciation, amortisation and impairment		13,377,986	12,891,930
Changes in working capital:			
Changes in trade receivables and other receivables	2.4	1,486,351	-332,080
Changes in trade and other payables	2.5	36,155,646	-760,088
Change in inventories		-8,834,474	1,515,453
Changes in other current assets and current liabilities		-942,134	4,116,645
Other adjustments		-795,402	1,175,595
Net cash flows from operating activities		**-60,403,300**	**-79,448,562**
Cash flow from investing activities			
Purchase of property, plant and equipment	3.1	-1,737,061	-1,333,252
Development expenditures	3.2	-60,803,648	-89,298,695
Loans to related parties	6.1	-	-14,048,923
Interest received		385,122	307,893
Net cash flows from investing activities		**-62,155,587**	**-104,372,977**

Cash flows from operating activities	Notes	01.01.2023-31.12.2023	01.01.2022-31.12.2022
Cash flow from financing activities			
Net cash proceeds from issuance of equity		849,597	82,935,283
Proceeds from sale of treasury shares		17,152,526	-
Proceeds from convertible debt	4.3	17,084,894	98,355,759
Repayment of interest		-7,410,084	-2,824,626
Loans from related parties		6,980,000	-
Proceeds from public grants		48,483,376	-
Cash payments for the principal portion of the lease liability	3.3	-7,624,246	-4,443,967
Cash payments for the interest portion of the lease liability	3.3	-4,757,518	-4,770,917
Cash received for the principal portion of the sublease receivables		1,407,640	1,472,572
Cash received for the Interest portion of the sublease receivables		524,980	630,067
Restricted deposits on lease premises		2,881,828	-
Net cash flows from financing activities		**75,572,993**	**171,354,171**
Net increase/(decrease) in cash and cash equivalents		-46,985,894	-12,467,368
Cash and cash equivalents at beginning of the year/period	4.7	47,151,357	59,618,729
Cash and cash equivalents, end of year		**165,465**	**47,151,357**

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

TECO 2030 Group
Notes to financial statements

Section 1 - Overview

1.1 Corporate 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 Technology, 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, as a limited liability company, under the name TECO EGCS AS, before it subsequently changed its name to TECO 2030 AS. On 5 August 2020 an extraordinary general meeting approved conversion from a limited liability company to a public limited company under the name TECO 2030 ASA. The registered office address of TECO 2030 is Lysaker Torg 45, 1366 Lysaker, Norway.

TECO 2030 ASA or the Group is hereafter referred to as "the Group" TECO 2030 ASA as parent and TECO 2030 Pte Ltd, TECO 2030 INC, TECO2030 Power Systems AS, TECO 2030 AS, TECO 2030 Future Funnel AS, TECO 2030 Carbon Capture AS and TECO 2030 Innovation Center AS as its subsidiaries. TECO 2030 ASA shares are traded on Euronext Growth (Oslo Norway).

The Group financial statements for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Board on 16 July 2024.

1.2 Basis of preparation
The Group financial statements of TECO 2030 consist of the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, and related notes. The Group financial statements have been prepared in accordance with IFRS Accounting Standards as adoted by the EU and additional disclosure requirements in the Norwegian Accounting Act, effective as of 31 December 2023. The financial statements also include the additional applicable disclosure requirements in the Norwegian Accounting Act. The Group financial statements have been prepared on a historical cost basis and are presented in Norwegian Kroner (NOK).

1.3 Estimates, judgements and assumptions
The preparation of the Group financial statements in accordance with IFRS and applying the chosen accounting policies requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements:

Capitalisation of internal development costs

Initial capitalisation of direct costs is based on management's judgement that technological and economic feasibility is confirmed. A detailed description of the judgements applied is presented in note 3.2.

Lease liability production facility, Narvik

The Company has evaluated the recognition of the terms of the lease liability for the Narvik production facility in accordance with IFRS 16. The Company's judgement is that a lease term of 15 years is appropriate for the measurement of the lease liability as it is unlikely the extension term will be exercised. Management's intention is to purchase the building during the first 15 years term of the lease, however the purchase could be dependent on the sales developments for the Group over the next few years. As this is still considered uncertain, management has not included any anticipated exercise of the purchase option in the measurement of the lease liability at the inception of the lease.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Useful lives of intangible assets

The useful lives of intangible assets are assessed as either finite or indefinite and may in some cases involve significant estimates related to the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset. A detailed description of the significant estimates and assumptions is presented in note 3.2.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Reference is made to note 5.1 for information on the Group's recognised and unrecognised deferred tax assets.

Going concern

The Company is still in a ramp up phase, and the company's development programs as well as completion of the factory plant in Narvik is not fully financed. Historically, the Group's projects have been financed with proceeds from private placement on a step-by-step basis. During 2023 and into 2024, the Company has worked on raising new funds in a challenging capital market and the financial situation has been challenging. The Group commenced several cost-cut initiatives as well as entering into payment agreement with certain of its key suppliers, extending payment date into Q4-24 and Q2-25. This prove that the suppliers continue to be supportive about our business and technology.

To improve the balance sheet, amongst others to be able to participate in government grant initiatives, a process against its bondholders commenced in April 2024, and in June 2024 NOK 82.6 million was converted (nominal amount plus accrued interest). Further, in April, the Company succeeded with an agreement for an equity raise of USD 4 million (cash) towards an Indian listed Company, which is expected to be closed in second half of July 2024. The proceeds will partly be used to settle obligations of which no payment agreements are entered into, business development as well as covering operational expenses. The Group will need additional funding in 4th quarter of 2024. Management and Board have initiated several strategic initiatives and based on the progress against certain potential new investors, the Board of Directors is optimistic that sufficient funding to continue its operation, adhere to payment plans entered into with key suppliers as well as complete the development program will succeed. If the Company fails to obtain sufficient funding, this will have adverse impact on development of the Company, the value of assets and shareholder value.

The financial statements are prepared based on the going concern assumption. However, due to current market conditions, there is significant uncertainty about this assumption.

Financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

1.4 Significant accounting policies

Foreign currency translation

Items included in the Group's financial statements are measured using the functional currency of the individual entities. The Group's financial statements are presented in Norwegian Kroner (NOK), which is the Company´s functional currency and the Group´s presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. The same way the currency will be used on very end of year reporting. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in the statement of profit or loss on a net basis within other gains/(losses). Subsidiaries with a functional currency that is not NOK are converted into the presentation currency using the exchange rate at the date of the transaction for the profit or loss statement and for the statement of financial position using the exchange rate at the end of the reporting period.

Current/non-current classification

An asset is classified as current when it is expected to be realised, or is intended for sale or consumption, in the Group's normal operating cycle, it is held primarily for the purpose of being traded, or it is expected/due to be realised or settled within twelve months after the reporting date. Other assets are classified as non-current. A liability is classified as current when it is expected to be settled in the Group's normal operating cycle, is held primarily for the purpose of being traded, the liability is due to be settled within twelve months after the reporting period or if the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents

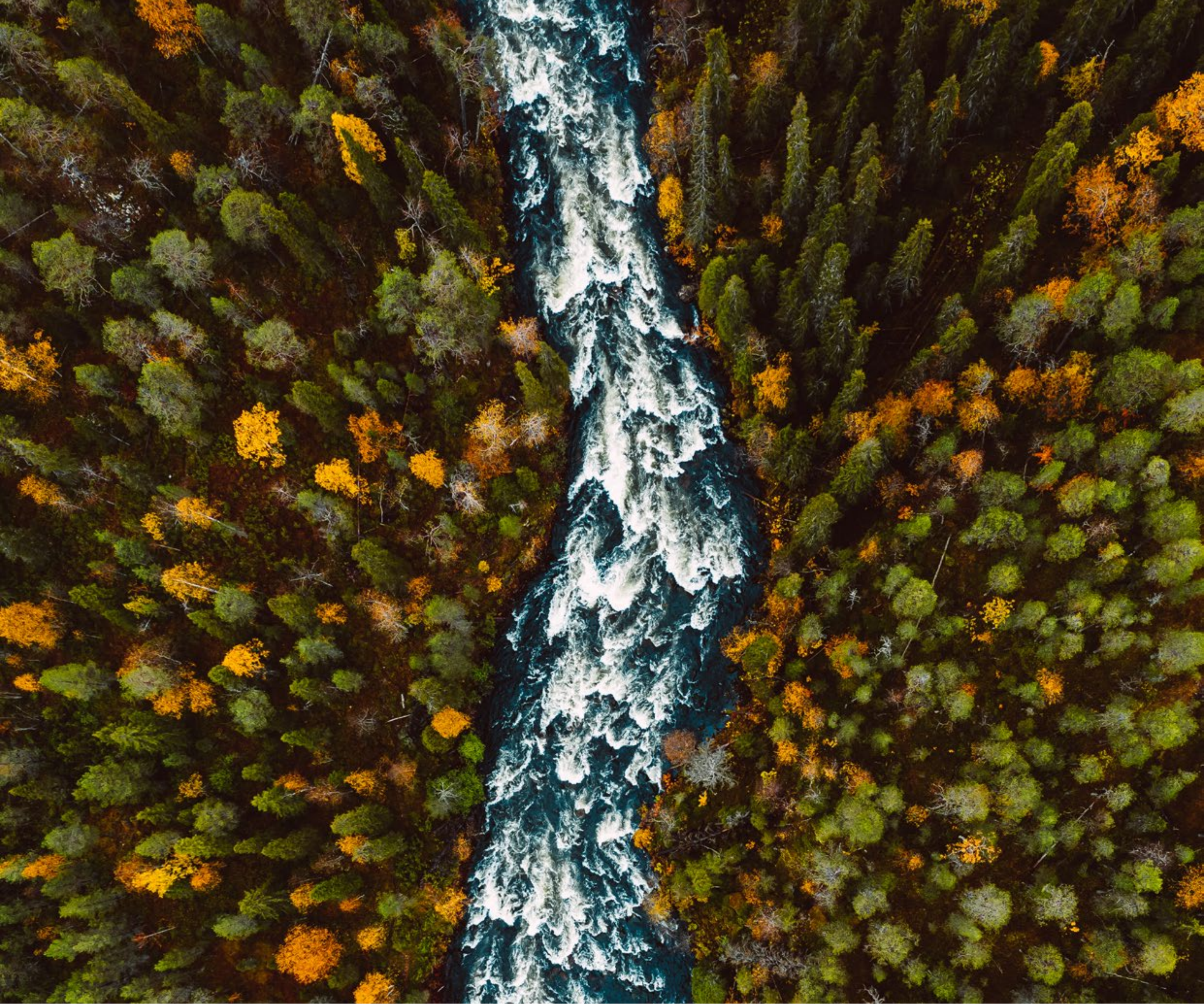
For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash and bank deposits. Cash and cash equivalents exclude cash that is not readily available for short-term liquidity needs. Any cash given as a deposit in connection with the leasing of premises is not readily available and is therefore excluded from cash and cash equivalents.

Trade receivables

The Group initially recognises trade receivables at the amount of consideration that is unconditional. Trade receivables are subsequently measured at amortised cost using the effective interest method, less any loss allowance. The entity applies the IFRS 9 simplified approach which requires expected lifetime losses to be recognised.

Inventories

Inventory consists of purchased finished goods, which are stated at the lower of cost and net realisable value. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Costs are assigned to individual items of inventory on the basis of weighted average costs.



Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received, and the company has meet all of the attached grant conditions. When the grants relate to an expense item, it is recognised as a reduction of the expense on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is presented in the consolidated statement of financial position by deducting the grant in arriving at the carrying amount of the asset. The grant is recognised in the consolidated statement of comprehensive income over the useful life of a depreciable asset as a reduced depreciation expense. Some kind of Grants are presented as income.

Statement of cash flows

The consolidated statement of cash flows is presented using the indirect method. Cash inflows and outflows are shown separately for investing and financing activities, while operating activities include both cash and non-cash line items.

1.5 New standards and amendments

Last year new standards and amendments that are effective for the first time for periods commencing on or after 1 January 2023 were adopted by the Group but did not have any impact or were not relevant to the Group's financial statements upon adoption.

Other standards, amendments to standards, and interpretations of standards, issued but not yet effective, are either not expected to impact the Group's financial statements materially, or are not expected to be relevant to the Group's financial statements upon adoption.

Section 2 – Operating performance

2.1 Segment information and operating income

ACCOUNTING POLICIES
Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses. Furthermore, the entity's component's operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and thus separate financial information is available. The Company has determined that the board of directors is collectively the chief operating decision maker.

Currently, the Group is organized into one reporting segment, and for this reason segment information is not provided. Going forwards, segment reporting could potentially be split between Fuel Cells sold to maritime industry and to land-based industries.

The segment information is reported in accordance with the reporting to board of directors (chief operating decision makers) and is consistent with financial information used for assessing performance and allocating resources. EBITDA is defined as the segment profit or loss measure.

ACCOUNTING POLICIES

Revenue from contracts with customers consists of the Group's future funnel sold in 2023 as well as the delivery of consultancy hours. Consultancy work is delivered to companies which are considered as related parties. Revenue from sales of future funnels is recgnoised upon delivery to customers corresponding with change of control. Hours for consultancy work is recognised at the time of delivery to the customer.

Products
Ballast water treatment system (BWTS)

The UV Ballast Water Treatment System for ships addresses the issue related to the spreading of flora in the sea through ballast water. The BWTS is offered by the Group through distribution agreements with BIO UV and Desmi Ocean Guard A/S. The product payments are paid partly upfront and partly at the delivery. The revenue is recognised at the time of delivery to the customer.

Disaggregation of revenue

(NOK)	01.01.2023-31.12.2023	01.01.2022-31.12.2022
Revenue from customers - Ballast water treatment system	733,784	11,047,641
Revenue from customers - Future Funnel	4,921,276	-
Revenue from customers - Consultancy	-	290,472
Total revenue from contracts with customers	**5,655,060**	**11,338,113**
Other income [1)]	3,686,453	1,233,197
Total	9,341,513	12,571,310

1) Relates to lease income and certain management services charged on a hourly basis

Revenue from contracts with customer based on geography [1] (NOK)	01.01.2023-31.12.2023	01.01.2022-31.12.2022
Europe	4,921,276	1,663,551
United States of America	455,384	4,889,118
South America	278,400	2,344,207
Asia	-	2,441,237
	5,655,060	11,338,113

1) Based on customer location

The Group had one customers in 2023 which made up a significant part of the revenue from customers. Remaining revenue was divided into seven smaller clients. In 2022 there were four customers where the revenue individually exceeded 10% of Group revenue from contracts with customers.

Revenue in % of group revenue	2023
Company 1	87%
Company 2	8%

Revenue in % of group revenue	2022
Company 1	22%
Company 2	21%
Company 3	18%
Company 4	17%

2.2 Employee benefit expenses

Employee benefit expense	01.01.2023-31.12.2023	01.01.2022-31.12.2022
Salaries and wages	53,737,941	36,477,721
Share-based payments	281,975	1,392,974
Social security tax*	4,316,433	6,789,012
Pension	4,732,390	2,972,141
Other personnel costs	4,372,753	3,441,090
Capitalised personnel expenses	-18,353,878	-12,769,851
Reimbursed personnel expenses	-1,847,863	-308,015
Reimbursement - Government grants (Skattefunn)	-	-95,855
Total employee benefit expenses	**47,239,750**	**37,899,216**

* Social securities tax includes tax expenses related to the option scheme.

By the end of 2023, the Group employed altogether 52 employees. The Group employed 40 employees at year-end 2022.

Pensions

Both in Norway and in the US the Group has a defined contribution plan. TECO 2030 ASA (the parent company) and the subsidiaries TECO 2030 AS and TECO 2030 Innovation Center AS are obligated to follow the stipulations in the Norwegian mandatory occupational pensions act. The companies' pension scheme adheres to the requirements as set out in the act.

The Group´s payments are recognised in the income statement as employee benefit expenses for the year to which the contribution applies.

Share-based payments

ACCOUNTING POLICIES

TECO 2030 accounts for share-based compensation in accordance with IFRS 2 Share-based Payment.

Equity-settled, share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the grant date. The vesting period is the period over which all of the specified vesting conditions are to be satisfied. The fair value is expensed over the vesting period as an employee benefit expense, with a corresponding increase in equity.

The fair value at the grant date is determined using the Black-Scholes option pricing model, which takes into account the exercise price, the life of the option, the current price of the underlying shares, the expected volatility of the share price, any dividends expected on the shares and the risk-free interest rate for the life of the option. The expected share price volatility is based on historical volatility for a selection of comparable listed companies. The risk-free interest rate is based on zero-coupon government bonds with a term equal to the expected term of the option being valued.

Social security contributions payable in connection with an option grant are considered an integral part of the grant itself. The charges are treated as cash-settled, share-based payments and measured at fair value each reporting date. The fair value measurement for the social security liability per option is based on the reporting period ending share price less the strike price. All vested and partially vested options that are in-the-money are included in the fair value measurement. The remeasurement change is recognised as an expense in profit or loss and as an adjustment to the social security liability in the statement of financial position.

When the options are exercised, the appropriate number of shares are transferred to the employee. The proceeds received from the exercise of the options (net of any directly attributable transaction costs) are credited directly to equity.

Description

The Board of Directors has implemented a share incentive scheme for employees and board members of the Company for the period 2020 – 2022. The first grant was made in 2021. There have not been any share options granted during 2023. Each option gives the option holder the right, but not the obligation, to subscribe to or purchase (at the Company's choice) one Share in the Company. The number of options, vesting period, strike price and the date(s) of exercise and expiry are set out in each individual grant letter. Participation in the plan is at the board's discretion, and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Any vested options not exercised during an exercise period can be exercised during subsequent exercise periods until the expiry date of the options, provided that the conditions for exercise are fulfilled. As a main rule, the option holder must be employed at the time of exercising the options.

There are at least two exercise periods each calendar year. Under the plan, participants are granted options which vest at 12, 24 and 36 months from the date of the grant. The options were granted in February 2021. During 2022 there have been no grants, exercises, expirations or forfeitures. In 2023, a total of 226,667 options were excercised at NOK 4 with a market price at NOK 10.10.

The options, once vested, remain exercisable until 48 months after the date of the grant letter. Options are granted under the plan for no consideration and carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share at the stated exercise price in the stock option agreement. Exercised options are settled in shares, not cash. The exercise price of the options is NOK 4 for options vesting 12 months (tranche 1) after the 2021 grant date (February 2022), NOK 8 for options vesting 24 months (tranche 2) after the 2021 grant date (February 2023) and NOK 10 for options vesting 36 months (tranche 3) after the 2021 grant date (February 2024).

As of year-end 2023 there were a total of 6,683,333 vested and exercisable options with a remaining life of 13 months and a strike price of NOK 4, NOK 8 and NOK 10. The weighted average exercise price for the remaining options is NOK 7.57. Share-based compensation expense recognised in 2023 is NOK 55,920 (2022: NOK 1 392 974). The social security liability related to the options as of year-end 2023 is NOK 80,516 (2022: NOK 1,727,024). Summaries of the options outstanding as of year-end 2023, in total and for key management and the board of directors are presented in the following tables.

Key management	Options granted 2021	Options granted 2022	Options exercised in 2023	Options expired in 2023	Total options outstanding 31.12.2023	Options vested and exercisable as of 31.12.2023
Tore Enger (CEO)	1,500,000	-	-	-	1,500,000	1,000,000
Pål Christian Johnsen (CFO)	450,000	-	-	-	450,000	300,000
Tor-Erik Hoftun (CSO)	900,000	-	-	-	900,000	600,000
Erling Hoftun (Managing Director, TECO 2030 AS)	200,000	-	-	-	200,000	100,000
Bettina Nowak (CEO, TECO 2030 INC)	900,000	-	-	-	900,000	600,000
Total	**3,950,000**	**-**	**-**	**-**	**3,950,000**	**2,600,000**

Options granted to all employees	2023	2022
Options granted during the year	-	-
Options exercised during the year	226,667	-
Options expired or terminated during the year	-	-
Total options outstanding 31.12	6,683,333	6,683,333
Total options vested and exercisable as of 31.12	4,296,667	2,070,000

1) The 226 667 options were exercised at NOK 4 with a market value at NOK 10.10

Board of directors	Options granted 2022	Options granted 2021	Options exercised in 2023	Options expired in 2023	Total options outstanding 31.12.2023	Options vested and exercisable as of 31.12.2023
Sigurd Lange	-	1,500,000	-	-	1,500,000	1,000,000
Birgit Liodden	-	150,000	-	-	150,000	100,000
Herman Marcussen	-	150,000	-	-	150,000	100,000
Total	**-**	**2,100,000**	**-**	**-**	**2,100,000**	**1,200,000**

B&S Option value	Tranche 1	Tranche 2	Tranche 3
Shareprice (NOK)	4.37	4.37	4.37
Strike price (NOK)	4	8	10
Risk-free interest rate	0.55%	0.55%	0.55%
Expected life - years	4	4	4
Expected dividend (NOK)	-	-	-
Volatility	21.51%	21.51%	21.51%
Option fair value (NOK)	**2.57**	**0.61**	**0.28**
Number of options granted per tranche	2,070,000	2,420,000	2,420,000
Total option fair value at grant date (NOK)	**5,329,920**	**1,466,954**	**668,006**
Vesting period from grant date	**12 months**	**24 months**	**36 months**

2.3 Other operating expenses

Other operating expenses (NOK)	01.01.2023-31.12.2023	01.01.2022-31.12.2022
Legal, audit and professional fees	14,311,175	15,205,603
Facilities	5,629,224	5,560,096
Other operating expenses*	16,182,676	14,975,696
Total other operating expenses	**36,123,075**	**35,741,395**

* Operating expenses includes, amongst others; travel expenses (approx. NOK 4.2 mill), Marketing, fairs/exhibitions and various mambership fees (approx. NOK 3.3 mill), insurance and property tax (approx. NOK 1 mill) and IT/data (approx. NOK 2.9 mill) and stock-related expenses (approx. NOK 1 mill)

Auditor fees	01.01.2023-31.12.2023	01.01.2022-31.12.2022
Statutory audit (excl. VAT)	1,000,225	479,083
Audit related services and attestation (excl. VAT)	396,620	196,850
Tax compliance (excl. VAT)	-	19,843
Total remuneration to the auditor	**1,396,845**	**695,776**

2.4 Trade and other receivables

Trade and other receivables (NOK)	31.12.2023	31.12.2022
Trade receivables	6,348,037	6,649,667
Interest bearing loans related parties [1)]	-	17,380,735
Deposits	99,618	96,533
VAT receivable	1,656,560	2,420,309
Government grants receivable (Skattefunn)	4,750,001	1,419,572
Total trade and other receivables	**12,854,218**	**27,966,816**

1) See note 6.1 for additional information.

2.5 Trade and other payables

Trade and other payables (NOK)	31.12.2023	31.12.2022
Trade payables	193,438,492	19,246,479
Public duties payable	6,886,486	6,034,431
Total trade and other payables	**200,324,978**	**25,280,911**

Other non-current liabilities (NOK)	31.12.2023	31.12.2022
Liabilities regarding public grant	38,833,638	-
Other non-current liabilities	9,444,770	375,000
Total non-current liabilities	**48,278,408**	**375,000**

2.6 Other current liabilities

Other current liabilities (NOK)	31.12.2023	31.12.2022
Salaries and board remuneration payable	8,198,033	3,330,011
Contract liabilities*	22,804,700	6,549,480
Other accrued expenses	9,817,341	4,345,499
Total current liabilities	**40,820,074**	**14,224,990**

* Contract liabilities include prepayments from customers related to the sale of one fuel cell system and one future funnel, both contracts signed during Q4/2022.

2.7 Inventory

Inventory (NOK)	31.12.2023	31.12.2022
Raw goods	40,298,638	6,974,417
Total inventory	**40,298,638**	**6,974,417**

The inventory of raw goods is valued at the lower of acquistion cost according to the FIFO principle and net sales value, mainly related to fuel cell stacks.

Section 3 - Asset base

3.1 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses . Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The residual values, useful lives and methods of depreciation of PP&E are reviewed at each financial year end and adjusted prospectively, if appropriate.

The Group assesses, at each reporting date, whether there is an indication that property, plant and equipment may be impaired. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. No indicators for impairment of property, plant and equipment were identified in the current or prior period.

	Equipment and movables	Total
Acquisition cost 31.12.2021	**1,313,677**	**1,313,677**
Additions	1,333,252	1,333,252
Currency translation effects	26,801	26,801
Acquisition cost 31.12.2022	**2,673,729**	**2,673,729**
Accumulated depreciation & impairment 31.12.2021	**-360,725**	**-360,725**
Depreciation for the year	-486,871	-486,871
Currency translation effects	-22,867	-22,867
Accumulated depreciation & impairment 31.12.2022	**-870,462.6**	**-870,462.6**
Carrying amount 31.12.2022	**1,803,266**	**1,803,266**

	Equipment and movables	Total
Acquisition cost 31.12.2022	**2,673,729**	**2,673,729**
Additions	1,580,528	1,580,528
Currency translation effects	-	-
Acquisition cost 31.12.2023	**4,254,257**	**4,254,257**
Accumulated depreciation & impairment 31.12.2022	**-870,463**	**-870,463**
Depreciation for the year	-578,756	-578,756
Currency translation effects	-	-
Accumulated depreciation & impairment 31.12.2023	**-1,449,219**	**-1,449,219**
Carrying amount 31.12.2023	**2,805,038**	**2,805,038**
Economic life (years)	5	
Depreciation plan	Straight-line method	

3.2 Intangible assets

Nature of the Group's intangible assets

The Group has recognised intangible assets comprising internal development projects related to the Group's solutions:

- TECO Smart Scrubber - Exhaust Gas Cleaning Systems
- Capitalised value of agreement
- TECO PEM Fuel cells
- TECO Fuel Cell Factory

ACCOUNTING POLICIES

Intangible assets acquired in a business combination

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value on the date of acquisition. Following initial recognition, until the development of the intangible asset is finalised no amortization is recognised and the carrying amount will be tested for impairment at least once a year, or more often if there are indicators of impairment. When finalized, the patented technology will be amortised using the straight-line method over the estimated useful life.

Intangible assets with finite useful lives are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired and on an annual basis. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as prospective changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of comprehensive income in the line for depreciation and amortisation.

Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

SIGNIFICANT ACCOUNTING JUDGEMENTS

Capitalisation of internal development costs

Development expenditures on an individual project, which represents new applications/technology, are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development
- Its ability to use or sell the intangible asset

Other costs are classified as research and are expensed as incurred.

Amortisation of the asset begins when the asset is available for use and is amortised over the period of expected future benefit.

	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	99,598,088	-	-	1,657,865	-	-	**101,255,953**
Reimbursement - Government grants (Skattefunn)	-1,008,722	-	-	-314,994	-	-	**-1,323,716**
Currency translation effects	-	-	-	-	169,883	-	**169,883**
Acquisition cost 31.12.2022	**137,143,768**	**13,025,555**	**3,750,000**	**2,321,711**	**2,613,441**	**50,400**	**158,904,875**
Accumulated amortisation & impairment 31.12.2021	**-**	**-3,124,399**	**-1,062,500**	**-**	**-**	**-11,760**	**-4,198,659**
Amortisation for the year	-	-2,122,520	-750,000	-	-	-10,080	-2,882,600
Disposals	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-
Accumulated amortisation & impairment 31.12.2022	**-**	**-5,246,919**	**-1,812,500**	**-**	**-**	**-21,840**	**-7,081,259**
Carrying amount 31.12.2022	**137,143,768**	**7,778,636**	**1,937,500**	**2,321,711**	**2,613,441**	**28,560**	**151,823,616**

	Development	Completed development	Sales and distribution agreements	Production plant design development	Goodwill	Website	Total
Acquisition cost 31.12.2022	**137,143,768**	**13,025,555**	**3,750,000**	**2,321,711**	**2,613,441**	**50,400**	**158,904,874**
Additions	161,584,426	-	-	-	-	-	**161,584,426**
Reimbursement - Government grants (Skattefunn)	-4,750,000	-	-	-	-	-	**-4,750,000**
Currency translation effects	-	-	-	-	51,576	-	**51,576**
Acquisition cost 31.12.2023	**293,978,194**	**13,025,555**	**3,750,000**	**2,321,711**	**2,665,017**	**50,400**	**315,790,877**
Accumulated amortisation & impairment 31.12.2022	**-**	**-5,246,919**	**-1,812,500**	**-**	**-**	**-21,840**	**-7,081,259**
Amortisation for the year	-	-3,205,833	-750,000	-	-	-	-3,955,833
Disposals	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-
Accumulated amortisation & impairment 31.12.2023	**-**	**-8,452,752**	**-2,562,500**	**-**	**-**	**-21,840**	**-11,037,092**
Carrying amount 31.12.2023	**293,978,194**	**4,572,803**	**1,187,500**	**2,321,711**	**2,665,017**	**28,560**	**304,753,786**
Economic life (years)		7	5			5	
Amortisation plan		Straight-line method	Straight-line method			Straight-line method	

Research and development

The Company performs a range of research and development projects related to the Company's technology and solutions. Research and development expenses that were not capitalised are included in the statement of comprehensive income as other operating expenses.

Goodwill

Goodwill, and CGUs where goodwill has been allocated, are required to be tested for impairment annually. Impairment losses are recognised where the recoverable amount is less than the carrying amount. As part of the Group-structuring that took place in August 2020, a goodwill item of NOK 2 443 557 was recognised. At 31.12.2023 the recognised NOK value of the goodwill is NOK 2 665 017. The difference is due to USD/NOK currency adjustments. The Group performed its annual impairment test of the goodwill in December 2023 by using a discounted cash flow model.

The impairment test was based on conservative forecasts for the next five years and management's best estimate of cash flows for the following years. Sales forecasts for 2024 and 2025, incl. the expected margin rate, have taken into consideration the underlying uncertainty related to the ongoing war in Ukraine and also the delay for hydrogen and hydrogen-related products and services. A terminal value beyond the 5-year forecast period has been included in the calculated VIU. The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital (WACC). The WACC considers the cost of debt and equity and was set at 12 %. Based on the relatively small amount of goodwill recognised a further senitivity analysis was not considered necessary for this purpose.

Based on these assumptions the value in use exceeds the carrying value of approx. NOK 2.7 million. Intangible assets include capitalised development costs and a strategic cooperation agreement with the Group's major development partner. As of 31 December 2023, the Group has capitalised approximately NOK 13 million in completed development with a carrying amount of NOK 7.6 million at year-end and capitalised approximately NOK 299.2 million of in-process development.

Future Funnel

The Group has, by the end of 2023, capitalised a total of approx. NOK 7.6 million of development expenses for the 10 MW Future Funnel-project. These include internal as well as external development expenses. This product was considered ready for sale from Q2 2020 and has been subject to annual linear amortization ever since. The Group managed to enter into its first sales contract for one future funnel in December 2022 and delivered in Q2 2023. The sale was one out of two already produced 10 MW scrubber towers which was on stock. This first scrubber tower was sold with a loss which was been recognised in the P&L per 31. December 2022 and with some adjustments in 2023. Due to capacity reasons, the Company focused less on sales of future funnels/scrubbers during the second half of 2023 and more on the development of fuel cells. As a consequence, the second and remaining scrubber, was part of an offset agreement entered into in Q1/2024 with the German scrubber producer. The agreement includes that the producing company gets the ownership to the steel in exchange of crediting a total of EUR 31,000 for warehouse rental etc. The Company will continue to follow the scrubber market closely and consider possible projects which specifially fits well for the TECO 2030 10 MW Future Funnel design and technology with the aim of capitalizing on the developed technology and securing positive cash flow from sales of future funnels in the years to come. The capitalised development expenses will continue to follow the linear depreciation rate as before.

Fuel Cell

The Group has capitalised both internal and external development costs related to the TECO PEM Fuel Cells during 2023 amounting to approx. NOK 290 million. The first complete FCM400 fuel cell module was assembled and commissioned in the testbed in AVL's offices in Graz in November 2023. The testing will continue into mid-2024, and the system will most likely be subject for further developments and approvements during 2024. The board of directors and management have a strong believe in the hydrogen and PEM Fuel Cell technology and its future possibilities and considers this to be a major step towards an emission free maritime sector as well as other heavy-duty applications with the potential to significantly contribute to the Group's future revenues and cash flow.

Strategic Agreements

The Company purchased two agreements (Sales and Distribution Agreement and Strategic Cooperation Agreement) from its previous parent company in August 2020 for a total price of NOK 3.75 million. The Strategic Cooperation Agreement is considered very important as it forms the foundation for the close cooperation with the Group's major development partner. As such, this agreement is considered to be vital in the future development of the Group and its product portfolio. The Sales and Distribution Agreement was necessary for the Group to have access to BIO UV's ballast water treatment systems. The Group has actively marketed and sold these systems over the last few years but decided in 2023 to stop these activities. Due to capacity reasons, TECO 2030 will not longer be a seller or distributer of ballast water treatment systems. Hence, the carrying value of the Sales and Distribution Agreement of NOK 316,667 as per 31.12.2023 is reduced to NOK 0.

3.3 Leases

Accounting policies

Identifying a lease

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Recognition of leases and exemptions

At the lease commencement date, the Group recognises a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:

- Short-term leases (defined as 12 months or less)
- Low value assets

For these leases, the Group recognises the lease payments as Other operating expenses in the statement of profit or loss when they incur.

Measuring the lease liability

The lease liability is measured at present value of unpaid lease payment which includes the following

- Fixed rental payments less incentives
- Variable lease payments based on an index or rate
- Purchase option price (reasonably certain)
- Guaranteed Residual Value
- Penalty for termination of lease

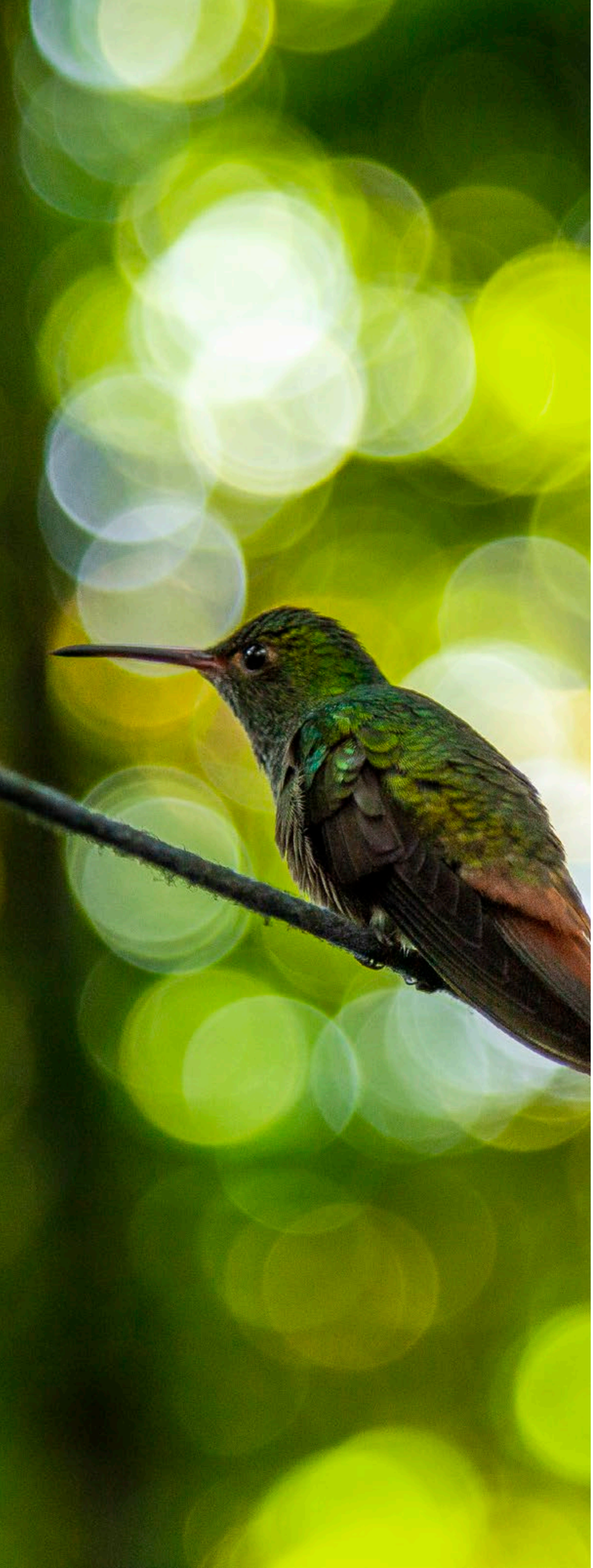
The lease liability is subsequently measured by increasing the carrying amount to reflect interest charges and reducing the carrying amount to reflect lease payments. The carrying amount of lease liability is remeasured to reflect any reassessments or lease modifications that have been made during the reporting period.

Measuring the right-of-use asset

Right of use of asset is initially measured at COST. Cost includes

- The amount of initial lease liability
- Lease payments made on or before commencement
- Initial direct costs incurred
- Estimated costs of dismantling or site restoration
- Less: Incentives

The right-of-use of asset is subsequently measured using cost model i.e. cost less accumulated depreciation and impairment losses. The Company applies the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use asset, except that the right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset. The Company has elected to not apply the revaluation model for its right of use asset for leased buildings. The Company applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.



Interest Rate

Interest rate for the calculation of present value of future lease payments is either

- Interest rate implicit in a lease OR
- Incremental borrowing rate by lessee

Right-of-use assets

The Group leases premises, vehicles and other equipment. For personal computers, IT equipment and macinery the Group has elected to apply the practical expedient related to the leasing of low value assets (primarily leases of personal computers, IT equipment and other office equipment) and does not recognise a lease liability or right-of-use assets for these items. The lease payments are expensed when they incur.

Significant judgements related to leasing agreements – Narvik production facility

The Group signed a lease in 2021 for a production facility in Narvik, Norway. The lease has an original term of fifteen years, with an extension option for an additional ten years. There is also a purchase option in effect during years 3-10 of the lease term where the Group can purchase the facility for ten times the amount of the annual lease payments. In 2023 (year 3 of the lease) the annual lease payments are NOK 6 million, and the purchase price would be NOK 60 million. Every year the lease payments increase and the purchase price increases correspondingly. Management has evaluated the terms of the lease in accordance with IFRS 16 in connection with the recognition of the lease liability for the Narvik production facility. Management's judgement is that a lease term of 15 years is appropriate for the measurement of the lease liability as it is unlikely the extension term will be exercised. Management's intention is to purchase the building during the first 15 years term of the lease, however the purchase is dependent on the sales developments for the Group over the next few years. As this is still considered uncertain, management has not included any anticipated exercise of the purchase option in the measurement of the lease liability at the inception of the lease.

Right -of-use assets	Premises	Total
Acquisition cost 01.01.2023	**105,138,248**	**105,138,248**
Addition of right-of use assets	3,771,886	3,771,886
Transfers and reclassifications	-	-
Acquisition cost 31 December 2023	**108,910,134**	**108,910,134**
Depreciation and impairment 01 January 2023	**-11,071,311**	**-11,071,311**
Change in contract	-	-
Depreciation	-8,232,417	-8,232,417
Accumulated depreciation and impairment 31 December 2023	**-19,303,728**	**-19,303,728**
Carrying amount of right-of use assets 31 December 2023	**89,606,406**	**89,606,406**

Lease liabilities

Undiscounted lease liabilities and maturity of cash outflows	2023	2022
Less than 1 year	12,843,381	9,748,125
1-2 years	12,838,114	10,398,125
2-3 years	12,948,432	11,065,238
3-4 years	12,800,133	11,599,548
4-5 years	12,728,276	12,010,386
Beyond 2026 / Later than 5 years	83,029,715	94,500,468
Total undiscounted lease liabilities at 31 December	**147,188,051**	**149,321,890**

Summary of the lease liabilities in the financial statements	Statement of:	2023	2022
Lease liabilities 01.01		**119,495,946**	**121,332,951**
New lease liabilities recognised during the year		6,147,251	1,047,327
Adjustments		-	1,552,018
Terminated lease agreements		102,230	-
Cash payments for the principal portion of the lease liability	Cash flows	7,624,246	4,443,967
Cash payments for the interest portion of the lease liability	Cash flows	4,757,518	4,770,917
Interest expense on lease liabilities	Profit and loss	4,757,518	4,770,917
Reassessment of the discount rate on previous lease liablities	Profit and loss	-	-
Currency exchange differences	Profit and loss and OCI	-	-
Total lease liabilities at 31 December		**117,916,721**	**119,495,946**

Total lease liabilities at 31 December		2023	2022
Current lease liabilities	Balance sheet	8,453,812	6,473,666
Non-current lease liabilities	Balance sheet	109,462,908	113,014,663
Total cash outflows for leases	Cash flows	12,381,764	9,214,884

TECO 2030 ASA subleases the office location Lysaker Torg 45 to various companies, including one of the subsidiaries, over the same time period as the head lease. The Current financial lease receivables related to this sublease as of 31 December 2023 on group level is NOK 1 463 947, the non-current financial lease receivable is NOK 11 293 302. The sublease also includes several related parties, see note 6.1 related parties for more information.

Section 4 - Financial instruments, risk and equity

4.1 Financial instruments

ACCOUNTING POLICIES

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Classification of financial instruments:

The classification of financial assets depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. The Group measures its financial assets at amortised cost. At initial recognition, the financial asset are measured at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Interest income from these financial assets is included in finance income using the effective interest rate method.

The Group's financial instruments are grouped in the following categories:

Financial assets measured at amortised cost:

- Includes mainly trade receivables, cash and cash equivalent and loans to related parties.

Financial liabilities measured at amortised cost:

- Represent the Group's interest-bearing liabilities including loans from related parties and non-interest bearing liabilities such as trade payables.

All of the Group's financial assets are part of the Group's business model with the sole objective to collect contractual cash flows. Additionally, the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, thereby passing the "SPPI test", constituting debt instruments measured at amortised cost. None of the Group's financial liabilities are designated as at fair value through profit or loss, i.e. they are all measured at amortised cost. The Group does not buy or sell or hold any derivative financial instruments.

Initial recognition and subsequent measurement

The Group's financial assets and liabilities are initially recognised at fair value plus directly attributable transaction expenses. Subsequently, these instruments are measured at amortised cost using the effective interest method (EIR). Gains and losses are recognised in profit or loss upon impairment, when the instruments are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income.

Impairment of financial assets

Financial assets measured at amortised cost are considered for impairment by recognising an allowance for expected credit losses (ECLs). The Group bases its ECLs on its historical losses (if any), adjusted for forward-looking factors specific to the customer and the economic environment.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

The carrying amount of the Group's financial assets and liabilities are presented in the table below at their gross amount unless otherwise stated:

31.12.2023	Note	Financial instruments at amortised cost	Total
Assets			
Prepayments		14,460,105	-
Other receivables		24,318,013	-
Loan to related parties	6.1	1,965,251	1,965,251
Trade receivables	2.4	6,348,037	6,348,037
Government grants receivable (Skattefunn)	2.4	4,750,001	4,750,001
Finance lease receivable	3.3	12,757,249	12,757,249
Cash and cash equivalents	4.7	165,465	165,465
Total financial assets		**64,764,121**	**25,986,003**
Liabilities			
Convertible bond loan	4.3	93,497,933	93,497,933
Current and non-current lease liabilities	3.3	117,916,720	117,916,720
Trade payables	2.5	193,438,492	193,438,492
Social security share-based payment payable		-	-
Total financial liabilities		**404,853,145**	**404,853,145**

31.12.2022	Note	Financial instruments at amortised cost	Total
Assets			
Loan to related parties	6.1	17,633,346	17,633,346
Trade receivables	2.4	-	-
Government grants receivable (Skattefunn)	2.4	-	-
Finance lease receivable	3.3	12,757,249	12,757,249
Cash and cash equivalents	4.7	165,465	165,465
Total financial assets		**30,556,060**	**30,556,060**
Liabilities			
Convertible bond loan		93,248,446	93,248,446
Current interest bearing liabilities to related parties	4.2	1,704,180	1,704,180
Current and non-current lease liabilities	3.3	117,916,720	117,916,720
Trade payables	2.5	-	-
Social security share-based payment payable		2,739,627	2,739,627
Total financial liabilities		**215,608,973**	**215,608,973**

4.2 Interest-bearing loans and borrowings

Current interest bearing loans and borrowings	Note	31.12.2023	31.12.2022
Borrowings from related parties	6.1	450,000	1,704,180
Convertible bond loans	4.3	93,497,933	93,248,447
Net total current interest bearing loans and borrowings		**93,947,933**	**94,952,627**

The Group entered into two convertible bond agreements in 2022 and another one in 2023, as described in note 4.3.

The convertible loan agreements are secured with a formally registered property mortgage on leased facilities in Narvik. TECO 2030 ASA has obtained the right to register the Narvik facilities as collateral. The Group has not pledged any other assets as security for it's borrowings and there are no specific capital restrictions or covenants related to its borrowings.

In June 2024, NOK 82.6 million of the bond loan was converted into shares at NOK 2 per share. For more information, see note 6.2.

	Loans and borrowings	Borrowings related parties	Total
Balance 31.12.2021	**-**	**1,623,029**	**1,623,029**
Changes from financing cash flows			
Proceeds from convertible bonds	101,843,827	-	101,843,827
Payment of transaction costs convertible bonds	-2,988,068	-	-2,988,068
Payment of interest	-2,824,626	-	-2,824,626
Payment of collateral fee convertible bonds	-500,000	-	-500,000
Total changes from financing cash flows	**95,531,133**	**-**	**95,531,133**
Non-cash changes			
Derivative conversion rights transferred to equity	-6,202,444	-	-6,202,444
Transaction costs convertible bonds - warrants	-324,541	-	-324,541
Total interest expense convertible bonds	3,244,297	-	3,244,297
Transaction costs collateral fee convertible bonds	1,000,000	-	1,000,000
Accrued interest related parties	-	81,151	81,151
Total non-cash changes	**-2,282,688**	**81,151**	**-2,201,537**

	Loans and borrowings	Borrowings related parties	Total
Balance 31.12.2022	**93,248,447**	**1,704,180**	**94,952,627**
Changes from financing cash flows			
Proceeds from convertible bonds	-	-	-
Payment of transaction costs convertible bonds	-	-	-
Payment of interest	-	-1,254,180	-1,254,180
Payment of collateral fee convertible bonds	-1,081,083	-	-1,081,083
Total changes from financing cash flows	**-1,081,083**	**-1,254,180**	**-2,335,263**
Non-cash changes			
Derivative conversion rights transferred to equity	-	-	-
Transaction costs convertible bonds - warrants	-	-	-
Total interest expense convertible bonds	-	-	-
Transaction costs collateral fee convertible bonds	1,330,568	-	1,330,568
Accrued interest related parties	-	-	-
Total non-cash changes	**1,330,568**	**-**	**1,330,568**
Balance 31.12.2023	**93,497,933**	**450,000**	**93,947,933**

4.3 Convertible bonds

ACCOUNTING POLICIES

Financial liabilities are recognised at fair value at initial recognition and at amortised cost using the effective interest method at subsequent recognition. 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 recognised at fair value through profit or loss. Conversion rights that meet the definition of "fixed-for-fixed" are measured at fair value and recognised directly as equity at initial recognition of the convertible bond agreement. A conversion right meets the definition of "fixed-for-fixed" when the conversion feature can be settled by TECO delivering a fixed number of its shares in exchange for a fixed amount of cash.

For convertible debt that has a fixed-for-fixed equity conversion feature, the initial fair value of the liability portion of the convertible bond is determined using a market interest rate for an equivalent non-convertible bond at the issue date. The liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option and recognised in shareholders' equity, net of income tax, and not subsequently remeasured.

Transaction costs are costs which are directly attributable to the convertible debt transaction. Transaction costs directly related to the borrowings are included in the effective interest amortisation schedule. Transaction costs are expensed immediately to equity when the transaction is a share-based and owner-related transaction. Transaction costs are allocated between the conversion right and the debt when material.

Description

Convertible debt issuance

TECO entered into secured convertible bond agreements in 2022 and 2023. Funds were made available to TECO on four different dates. The key features of the agreements are summarized in the table below.

Date of issue	1 June 2022	25 Nov 2022	17 April 2023	9 Oct 2023
Total funds	70,6 m	31,2 m	12,0 m	4,1 m
Maturity date	1 June 2025	1 June 2025	5 April 2026	9 Oct 2026
Conversion price	kr 5,0868	kr 5,0868	kr 9,7307	kr 9,7307
Agreed interest rate*	8,0 %	8,0 %	8,0 %	12,0 %
Market rate**	10,5 %	12,0 %	11,5 %	13,0 %
Value of conversion right	3,8 m	2,3 m	0,9 m	0,1 m
Amortised cost of convertible debt at the date of issue	67,0 m	26,0 m	11,2 m	4,1 m

*) The agreed upon interest rate is a fixed rate to be paid quarterly.
**) Estimated marked interest rate at the date of issue for a loan without the conversion right.

The lenders can convert before the maturity date and the conversion period is open twice a year. The lender must convert a minimum amount varying between NOK 0,5 million and NOK 1 million of total debt held at each conversion request.

The convertible debt is secured with a formally registered ("tinglyst") property mortgage on the leased Narvik production facility. The Narvik production facility lease includes a purchase option. See note 3.3 on leases for further details. TECO 2030 has obtained the right to register the Narvik facility as collateral against their 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 was due in August 2023. TECO 2030 received a waiver for this amount. This NOK 1 million is appropriately accounted for as a direct transaction cost to secure 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 is presented in the balance sheet as Other non-current assets as of 31 December 2023. This NOK 1 million will be amortised over the life of the loan (or until conversion) as interest expense.

The conversion rights in these convertible debt agreements meet the definition of "fixed-for-fixed". There are no embedded derivatives in the debt agreements.

The difference in the net present value of the cash flows using the agreed interest rate in the agreements and the estimated marked interest rate at the date of issue for a loan without the conversion right, is the fair value of the conversion rights. The equity conversion rights have been recognised in the financial statements directly to equity at fair value, presented as part of Other reserves.

Interest payments and interest expenses recognised in P&L are summarised in the table below.

	Interest payments 2023	Interest payments 2022	Interest expenses 2023	Interest expenses 2022
June 2022 loan (70,6 m*)	4,476,250	2,864,625	5,620,898	3,945,821
November 2022 loan (31,2 m)	2,498,256	624,564	4,521,313	370,266
April 2023 loan (12,0 m)	435,578	n/a	915,332	n/a
October 2023 loan (4,1 m)	0	n/a	117,177	n/a
Total	7,410,084	3,449,189	11,174,720	4,316,087

*) The loan was partially converted in February 2023. Refer to further information below.

Convertible debt February 2023 conversion

On 23 February 2023, NOK 19,549,997 (nominal value) of the issued convertible debt was converted into shares. The conversion amounted to 3,843,280 shares in the company with a conversion price of NOK 5.0868. The carrying value (amortized costs) of the converted load was NOK 18,789,202. Convertible bonds on the balance sheet were reduced with this amount and the equity increased. No gain or loss was recognized.

Consultant fees - warrants issued

In connection with the November 2022 convertible debt and share issuance TECO 2030 incurred consultant fees which are directly attributable to the Sun Hydrogen Inc. transactions.

The consultant fees consisted of cash paid to the consulting firm and the fair value of warrants issued to the consultants. The allocation of the consultant fees is a 70/30 percent split based on the total amount invested by Sun Hydrogen Inc. Sun Hydrogen Inc. invested USD 10 million in total, 70 percent share purchase and 30 percent convertible debt.

The total cash consultant fee was NOK 9,9 million of which NOK 6,9 million was allocated to the share issuance and NOK 3,0 million allocated to the convertible debt. The consultant fee allocated to the debt has been included in the effective interest amortisation schedule and is recognised each period as part of the interest expense.

The fair value of the warrants at their issuance date was NOK 1,1 million and of this amount NOK 325 thousand was allocated to the debt. The fair value of the warrants was determined using the Black-Scholes model. The parameters used are given in the table below. The warrants fair value is an IFRS level 3 hierarchy measurement. The total numbers of warrants outstanding on 31 December 2023 is 783.318.

B&S parameters 25 November 2022	
Shareprice (NOK)	5.90
Strike price (NOK)	6.50
Risk-free interest rate	3.31%
Expected life - years	5
Expected dividend (NOK)	0
Volatility	0.23
Warrants fair value (NOK)	**1.38**
Number of warrants issued	783,318
Total warrant fair value at issuance date (NOK)	**1,081,803**
Fair value of warrants allocated to share issuance - transaction costs (NOK)	757,262
Fair value of warrants allocated to convertible debt - transaction costs (NOK)	324,541

Events after the Reporting Period

On 19 June 2024 the board of directors approved the conversion of 84 % of the bond loan into 41,310,511 shares at NOK 2 per share, increasing TECO 2030 ASA's total equity by NOK 82.6 million. The conversion amount includes accumulated interests. The background for the conversion was an invitation from the company to all bond holders offering a conversion of all or parts of the investors' bonds into shares at NOK 2 per share, i.e., significantly below the agreed conversion prices. The reason for the company's offer was to reduce the overall debt and to strengthen the company's equity position. Refer to note 6.2 "Events after the reporting period" for further information.

4.4 Fair value measurement

ACCOUNTING POLICIES

Fair value is the price that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Fair value disclosures

Management has assessed that the fair values of cash and short-term deposits, trade and other receivables, trade payables and other current liabilities as well as borrowings from related parties approximate their carrying amounts largely due to the short-term maturities of these instruments.

4.5 Risk management

Risks related to maritime regulations and changes in policy

The global maritime sector is undergoing a paradigm shift as it aligns with international environmental and sustainability goals. Regulatory bodies, such as the International Maritime Organization (IMO), continue to introduce stricter emission standards, and other regulations, aiming to reduce the industry's environmental footprint. While TECO 2030 remains at the forefront of offering sustainable solutions, abrupt changes in policy or more stringent-thananticipated standards could pose challenges to our product lineup, necessitating further research, development, and adaptation. Moreover, variations in the adoption and enforcement of these regulations across different jurisdictions add a layer of complexity to our operations. We continue to closely monitor these regulatory shifts and engage with industry stakeholders to ensure that our offerings not only comply with but also anticipate and shape the future regulatory landscape.

Risks related to regulations and political risk
The ongoing conflict in Ukraine continues to create uncertainty about the continued development of the world economy and political situation. TECO 2030 has a limited exposure to Ukraine and Russia, and we are therefore not directly affected by the ongoing conflict. However, there are indirect consequences that might arise and adversely affect the company. Such conflicts may affect the availability of raw materials or components as well as their prices. Furthermore, TECO 2030's supply chain may be adversely affected which might cause delays. The company is continuously monitoring these risks and is making strategic decisions to minimize its exposure.

Market risks
TECO 2030 is facing a series of market risks that are both diverse and challenging. The rapidly changing regulatory landscape, shifting customer preferences towards sustainability, and fluctuations in the global economic climate have all had implications for our business model and strategic direction. Furthermore, as the maritime and energy sectors evolve, competitive pressures and technological disruptions emerge as notable threats. In addition, currency exchange rate volatilities and interest rate fluctuations have presented financial market risks, influencing our international operations and financial position.

Supply Chain risks
TECO 2030 has dealt with complex challenges inherent in the modern supply chain environment. The evolving global landscape, marked by pandemic-induced disruptions, shipping bottlenecks, and raw material shortages, has heightened the risks in our supply chain operations. These factors have occasionally influenced our delivery schedules, inventory levels, and overall operational efficiency. As TECO 2030 is deeply committed to advancing sustainable and innovative solutions, we also recognize the increasing importance of sustainability in our supply chain decisions.

Risks related to key personnel, partners 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.

Intellectual property risks

TECO has an irrevocable right to use AVL's background intellectual property. In the future, we may become party to additional licenses that are important for product development and commercialization. If we fail to comply with our obligations under future license and funding agreements, our counterparties may have the right to terminate these agreements, in which event we might not be able to develop, manufacture or market any product or utilize any technology that is covered by these agreements or may face other penalties under the agreements.

Green technologies are emerging technology and involve significant risks and uncertainties

Emerging technologies such as the green technologies TECO 2030 operates within are constantly changing. There are multiple factors which can affect the market. Fluctuations in oil prices will affect our customers return on investment for our low-emission technologies. A negative change in the global economy can affect potential customer willingness to invest in new and costly technologies. The availability of sufficient volumes and price of hydrogen will be decisive for the willingness to invest in such technology. Stricter regulations will increase the pressure and the financial incentives for potential customers to choose new and cleaner technologies.

Our products and services face competition

The markets for energy products, including proton-exchange membrane, or PEM fuel cells, are competitive. We face robust competition, both from incumbent companies and new emerging business interests in various countries. Some of our competitors are much larger than we are and may have the manufacturing, marketing and sales capabilities to complete research, development, and commercialization of products more quickly and effectively than we can.

Foreign exchange risk and interest rate risk

The Group has some exposure towards foreign exchange transaction risk as some of the development expenses, including the purchase of components for the first test systems, are denominated in EURO and USD, whereas the funding throughout the first half of 2023 has been in NOK. The Group will continue to face some foreign exchange transaction risk between especially EURO and NOK 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.

The Group's convertible bond loans have fixed interest rates and do not fluctuate throughout the loans lifetime. The Group is, however, directly exposed to changes in interest rates when it comes to interest on payables to suppliers as well as more indirectly through the overall impacts interest rates have on the financial market and access to capital.

Management continuously makes calculation to see how currency fluctuations and interest rate fluctuations positively and negatively affects the company.

Liquidity risk/Financing Risk

TECO 2030 has, through a number of share issues over the last 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 program for the fuel cells is still not fully financed. TECO 2030 has tried to raise significant amounts of funds throughout 2023 to secure sufficient cash to complete the development program and to prepare the Group for automated production. The capital market has proven to be difficult and TECO 2030 has struggeled to raise funds. The Company has followed, and still is following, several pathways 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 securing firm contracts for fuel cells will also affect the Group's need to raise additional external capital. Also see note 6.3 "Going Consern".

Capital Management

For asset management, the primary focus is to ensure that the Group retains a good credit rating and a healthy capital structure that supports the business and maximizes shareholder value. In light of changes in general economic conditions, the Group assesses its capital structure and strives to make the necessary adjustments. Due to its short history and financial position, the Group has limited tools available to maintain or adjust the capital structure beyond issuing new shares. Through 2023, two such new share issues were made. The Group monitors capital by using the net loan-to-value ratio, which is net debt divided by total capital plus net debt. The group's guidelines are to keep the loan-to-value ratio at the lowest possible level.

The table below summarises the maturity profile of the entity's financial liabilities based on contractual undiscounted payments:

As at 31 December 2023	< 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
Borrowings from related parties (Note 4.2)	450,000	-	-	-	450,000
Trade payables (Note 2.5)	193,438,492	-	-	-	193,438,492
Convertible loans (Note 4.3)	8,036,177	86,645,165	16,793,422	-	111,474,764
Lease liabilities (Note 3.3)	12,843,381	12,838,114	38,476,841	83,029,715	147,188,051
Total contractual undiscounted payments	**214,768,050**	**99,483,279**	**55,270,263**	**83,029,715**	**452,551,307**

As at 31 December 2022	< 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
Borrowings from related parties (Note 4.2)	1,704,180	-	-	-	1,704,180
Trade payables (Note 2.5)	19,246,479	-	-	-	19,246,479
Convertible loans (Note 4.3)	8,230,781	114,065,086	-	-	122,295,868
Lease liabilities (Note 3.3)	9,748,125	10,398,125	34,675,172	94,500,468	149,321,890
Total contractual undiscounted payments	**38,929,566**	**124,463,211**	**34,675,172**	**94,500,468**	**292,568,417**

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 2023 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.

4.6 Equity and shareholders

Date	Number of shares authorised and fully paid	Par value per share (NOK)	Carrying amount (NOK)
At 31 December 2021	**140,369,814**	**0.01**	**1,403,698**
Equity issue 14 March 2022	1,608,827	0.01	16,088
Equity issue 24 October 2022	1,769,182	0.01	17,692
Equity issue 26 October 2022	718,895	0.01	7,189
Equity issue 07 November 2022	600,738	0.01	6,007
Equity issue 17 November 2022	9,602,768	0.01	96,028
Equity issue 29 November 2022	3,841,107	0.01	38,411
At 31 December 2022	**158,511,331**	**0.01**	**1,585,113**
Equity issue 12 February 2023	236,667	0.01	2,367
Equity issue 1 March 2023	3,843,280	0.01	38,433
At 31 December 2023	**162,591,278**	**0.01**	**1,625,913**

In March 2022 the Company raised NOK 6,7 million through a private placement of 1 608 827 shares at an issuance price of 4.166. The share capital increase was registered on 14 March 2022.

In October 2022 the Company announced private placements of 3 088 815 shares at an issuance price of NOK 4.5444, raising NOK 14.0 million. The share capital increase was registered on three separete dates, NOK 17 692 on 24 October, NOK 7 189 on 26 October and NOK 6 007 on 7 november.

In November 2022 the Company announced a private placement of 13 443 875 shares at an issuance price of NOK 5.42 per share. The share capital increase was registered on two separate dates, NOK 96 028 on 17 November and NOK 38 411 on 29 November. The share capital after the November share issuance was NOK 1 585 113 with 158 511 331 shares outstanding with a nominal value per share of NOK 0.01.

In February 2023, four employees excercised in all 236,667 options from the Groups share option scheeme. In March 2023, the Company raised NOK 19.9 million through conversion of parts of the convertible bond loan into equity.

The Company's 20 largest shareholders as of 31 December 2023 are shown in the table below.

Shareholder	# shares	%
TECO GROUP AS*	42,000,000	25.83%
CLEARSTREAM BANKING S.A.	31,098,503	19.13%
Citibank, N.A.	16,340,986	10.05%
Pershing LLC	13,498,841	8.30%
JAKOB HATTELAND HOLDING AS	7,914,000	4.87%
Citibank, N.A.	5,733,997	3.53%
HANSEN EIENDOM OG KONSULT AS	4,334,310	2.67%
TECO 2030 ASA*	4,074,224	2.51%
TECO HOLDING AS	3,731,487	2.30%
SOLVIK HOLDING AS	3,307,348	2.03%
EQUITOR AS	2,816,371	1.73%
SIX SIS AG	1,451,659	0.89%
KUBERA AS	1,304,762	0.80%
Brown Brothers Harriman & Co.	1,276,187	0.78%
SOO INVEST AS	1,255,000	0.77%
Saxo Bank A/S	1,239,932	0.76%
S25 HOLDING AS	1,100,255	0.68%
Morgan Stanley & Co. Int. Plc.	1,053,688	0.65%
MEDIKOM AS	1,018,835	0.63%
KBC Bank NV	965,646	0.59%
20 largest shareholders	**145,516,031**	**89.50%**
Other shareholders	17,065,247	10.50%
Total shareholders	**162,581,278**	**100.00%**

*TECO 2030 ASA entered into a loan agreement in October 2023 which gives the Company access to borrow up to 20 million shares from its largest shareholder, TECO Group AS. This is an interest free loan which matures 30 June 2024. At maturity, the Company must issue new shares to TECO Group AS similar to the number sold as per the date of issuance. As per 31.12.2023, the Company had borrowed 5 million shares and had approx. 4.1 million of these shares left on the Company's share holding account.

Earnings per share

Basic EPS is calculated by dividing the profit or loss for the year attributable to holders of ordinary equity by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the profit (loss) and shares outstanding used in the EPS calculations:

	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Profit (loss) attributable to ordinary equity holders - for basic EPS	-117,665,563	-93,089,632
Profit (loss) attributable to ordinary equity holders adjusted for the effect of dilution	-117,665,563	-93,089,632
Total shares outstanding at year-end	162,581,278	158,511,331
Weighted average number of ordinary shares - for basic EPS	160,546,305	143,708,841
Weighted average number of ordinary shares adjusted for the effect of dilution	160,546,305	143,708,841
Basic EPS, profit (loss) for the year	-0.73	-0.65
Diluted EPS, profit (loss) for the year	-0.73	-0.65

The share options and RSUs once issued will have a potential dilutive effect on earnings per share.

Share options and RSUs shall be treated as dilutive only if their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations. As the Group is currently loss-making, an increase in the average number of shares would have anti-dilutive effects. Hence, no dilutive effect has been recognised in the calculation of diluted EPS for 2023.

4.7 Cash and cash equivalents

For the purpose of presentation in the Group financial statements, cash and cash equivalents includes cash and bank deposits.

Cash and cash equivalents	31.12.2023	31.12.2022
Bank deposits	165,465	47,151,358
Total cash and cash equivalents	**165,465**	**47,151,358**
Restricted cash included in the cash and cash equivalents above:		
Withheld tax in relation to employee benefits	-	1,285,263

4.8 Financial income and expenses

The Group's finance income and finance costs, including the related class of financial instrument that generated income and costs are presented in the table below:

Finance income and finance costs	Class of financial instrument	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Finance income			
Interest income	Cash and cash equivalents	385,122	307,893
Interest income on sub-lease	Finance lease receivables	524,980	630,068
Interest income - related party	Loan to related parties	54,439	403,560
Foreign exchange gains	Liabilites and receivables	3,594,865	1,056,122
Total finance income		**4,559,406**	**2,397,643**
Finance costs			
Interest expenses - related party	Interest-bearing liabilities	-	81,151
Interest expense leases	Lease liabilities	4,737,283	4,770,917
Interest expense - convertible bond loan	Other financial liabilities	14,187,466	4,161,347
Foreign exchange loss	Liabilites and receivables	1,587,906	2,297,545
Foreign exchange loss	Convertible bond loan	-	1,512,000
Other financial expenses	Other financial liabilities	579,067	31,534
Foreign exchange loss	Cash and cash equivalents	-	673,425
Total finance costs		**21,091,722**	**13,527,920**
Net financial income (expense)		**-16,532,316**	**-11,130,276**

Section 5 - Tax

5.1 Taxes

ACCOUNTING POLICIES

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Similarly, tax related to items recognised in other comprehensive income are also presented in other comprehensive income.

Deferred income tax

Deferred income tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Income tax expense	31.12.2023	31.12.2022
Current income tax expense	-	-
Deferred income tax expense	-	-
Total income tax expense	**-**	**-**

Current tax	31.12.2023	31.12.2022
Profit before taxes	**-117,659,112**	**-92,580,144**
Permanent differences	-2,544,616	-9,154,650
Change in temporary differences	120,203,728	101,734,794
Tax basis 31.12	**-**	**-**
Current tax 22% (21% Inc)	-	-
Current tax in the financial position	**-**	**-**

Temporary differences	31.12.2023	31.12.2022
Property, plant and equipment	-1,514,643	-513,039
Intangible assets	-1,249,076	-191,912
Lease agreements	-1,605,669	-197,470
Accruals	-	-2,664,585
Accumulated loss carried forward	-177,362,388	-172,993,321
Basis for deferred tax liabilities (assets)	**-181,731,776**	**-176,560,327**
Not included in the calculation of deferred tax*	181,731,776	176,560,327
Deferred tax liabilities(assets) recognised in balance sheet	-	-

* Until commencement of sale/agreement has reach a profitable level, the group will not record any deferred tax asset related to its tax loss carried forward and other temporary differences There are no time limitation in Norway for utilisation of historical tax losses.

Reconciliation of income tax expense	31.12.2023	31.12.2022
Profit (losses) before taxes	**-117,659,112**	**-87,712,262**
22% of profit before tax	-25,885,005	-19,277,025
22% of permanent differences	-559,816	-2,014,023
Not included in the calculation of deferred tax*	26,444,820	21,291,048
Not included in the calculation of deferred tax	**-**	**-**
Recognised income tax expense	**-**	**-**

Section 6 - Other disclosures

6.1 Related party transactions

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation, and are not disclosed in this note.

Remuneration to key management 2023	Salary	Pension expense	Other expensed benefits	Total
Tore Enger (CEO)	3,414,838	93,890	457,969	3,966,697
Pål Christian Johnsen (CFO)	1,591,000	93,890	28,927	1,713,817
Bettina Nowak (CEO, USA)	2,640,875	48,661	191,709	2,881,245
Tor-Erik Hoftun (CSO)	1,769,298	93,890	365,831	2,229,019
Erling Hoftun (Managing Director, TECO 2030 AS)	1,515,994	93,890	195,214	1,805,098
Total remuneration to key managment	**10,932,005**	**424,221**	**1,239,650**	**12,595,876**

Other expensed benefits includes for each employee the 2023 expenses related to their share of the stock option program (described in note 2.2).
Management has a defined contribution plan in accordance with the Norwegian Mandatory Occupational Pensions Act.
For 2023, the Company has not followed this plan completely.

Remuneration to key management 2022	Salary	Pension expense	Other expensed benefits	Total
Tore Enger (CEO)	4,076,353	203,964	394,629	4,674,946
Pål Christian Johnsen (CFO)	1,292,502	200,669	9,392	1,502,563
Bettina Nowak (CEO, USA)	2,173,655	87,718	35,659	2,297,031
Tor-Erik Hoftun (CSO)	1,581,733	194,688	183,092	1,959,513
Erling Hoftun (Managing Director, TECO 2030 AS)	1,355,771	202,889	157,966	1,716,626
Total remuneration to key managment	**10,480,014**	**889,928**	**780,738**	**12,150,679**

Remuneration to the board of directors in the parent company was NOK 1,400,000 in 2023 of which NOK 1,166,667 was paid during the year.
Remuneration to the board of directors in the parent company was NOK 1 400 000 in 2022.

Number of shares held by the key management and the Board of Directors	2023 Shares	2022 Shares
Tore Enger (CEO) [1)]	39,784,220	41,088,140
Pål Christian Johnsen (CFO) [2)]	862,564	860,870
Bettina Nowak (CEO, USA) [3)]	8,042,445	8,007,430
Erling Hoftun (Managing Director, TECO 2030 AS)	61,852	61,852
Tor-Erik Hoftun (CSO) [4)]	4,220,564	4,267,420
Sigurd G. Lange (Chairman) [5)]	4,220,452	4,347,072
Pia Meling (board member)	53,220	3,220
Bigit Marie Liodden (board member)	2,000	2,000
Marit Elise Kirkhusmo (board member)	-	-
John Herman Marcussen (Board member) [6)]	564,388	505,412

1) Tore Enger holds directly 3,760,000 via his 100 % ownersihp of TECO Holding AS, and indirectly via his approx. 76% ownership in TECO Group and approx. 53% in TECO Maritime Group AS another approx. 36,052,733 shares.
2) Pål Christian Johnsen holds via his ownership in PCJ Invest AS 860,870 shares directly and another approx. 1,694 shares indirectly via his 0.27 % ownership in TECO Maritime Group AS.
3) Bettina Nowak holds via her nominee account in Citibank 8 007 430 share directly and indirectly via her approx. 5.6% ownership of TECO Maritime Group AS another approx. 35,015 shares.
4) Tor-Erik Hoftun holds, via his 100 % owned company Equitor AS 2,816,371 shares directly and another approx. 1,404,197 shares indirectly via his 2.96% ownership in TECO Group AS and 1.8% ownership in TECO Maritime Group AS respectively.
5) Sigurd G. Lange controls, via his company Lange Industries AS, 425,320 shares directly in TECO 2030 ASA and another approx. 3,795,132 shares indirectly via Lange Industries AS 8 % ownership in TECO Group AS and his approx. 4.86% ownership in TECO Maritime Group AS.
6) John Herman Marcussen is in control of 564,388 shares though his fully owned company Marcussen Shipping AS.

Profit or loss items

Related parties - Sales of services	Type of service	01.01.2023-31.12.2023	01.01.2022-31.12.2022
BLOM Maritime AS [1)]	Advisory services	-	-
BLOM Maritime AS [1)]	Facilities	289,795	901,122
BLOM Maritime AS [1)]	Interest income	-	74,384
BLOM Maritime Inc [1)]	Consultancy, facilities	597,649	237,802
Blom Maritime Spolka Z.O.O [1)]	Interest income	-	7,110
Rubber Innovation AS [2)]	Project related work	-	363,090
TECO Chemicals AS [1)]	Consultancy, facilities	107,890	335,497
TECO Maritime Group AS [1)]	Project costs, freight, materials	-	300,328
TECO Maritime Group AS [1)]	Facilities	368,773	335,497
TECO Maritime Group AS [1)]	Reimbursement expenses	-	9,344
TECO Maritime Group AS [1)]	Interest income	-	116,943
TECO Maritime Inc [1)]	Consultancy, facilities	-	338,728
TECO Solutions AS [1)]	Engineering services	-	92,395
TECO Solutions AS [1)]	Facilities	399,774	1,243,049
TECO Solutions AS [1)]	Interest income	-	60,450
Total		**1,763,881**	**4,415,740**

Related party - Services purchased	Type of service	01.01.2023-31.12.2023	01.01.2022-31.12.2022
Blom Maritime AS [1)]	Advisory services	748,122	1,945,347
Blom Maritime Inc	Reimbursement of travel expenses	-	7,796
Nordic Made Inc	Purchase of forklift and furniture	-	524,535
Rubber Innovation Holding AS [2)]	Interest cost	-	81,151
TECO Maritime Group AS	Pesonnel	-	6,652
TECO Maritime Group AS	Office related costs	5,074	8,155
TECO Maritime Group AS	Reimbursement of travel expenses	-	33,749
TECO Maritime Inc	Personell insurance costs	-	732,555
TECO Solutions AS	Accounting Services	-	62,059
TECO Solutions AS	Advisory services	1,345,614	1,536,055
Tore Enger	Rent of premesis	276,000	276,000
Total		**2,374,810**	**5,214,054**

Balance sheet items

Related parties - Assets	Balance type	31.12.2023	31.12.2022
Blom Maritime AS	Interest-bearing loans and borrowings	-	2,147,053
BLOM Maritime Inc	Interest-bearing loans and borrowings	197,035	1,023,557
BLOM Maritime Spolka Z.O.O.	Interest-bearing loans and borrowings	-	307,110
Nordic Made Inc	Trade and other receivables	-	94,102
Nordic Made Inc	Interest-bearing loans and borrowings	-	49,287
Rubber Innovatino Inc	Trade and other receivables	-	32,770
Rubber Innovation AS	Interest-bearing loans and borrowings	-	1,162,730
Rubber Innovation Holding AS	Interest-bearing loans and borrowings	1,670,815	2,211,097
Rubber Innovation Holding AS	Interest-bearing loans and borrowings	-	3,243,619
TECO Chemicals AS	Trade and other receivables	-	29,917
TECO Maritime Group AS	Interest-bearing loans and borrowings	97,401	3,035,600
TECO Maritime Inc	Interest-bearing loans and borrowings	-	2,424,813
TECO Solutions AS	Interest-bearing loans and borrowings	-	2,028,480
Total		**1,965,251**	**17,790,135**

Interest bearing loan and receivables to related parties is due in 2024.
Trade receivables to related parties is due as of 31.12.24.

Related party - Liabilities	Balance type	31.12.2023	31.12.2022
Blom Maritime AS	Trade and other Payables	219,883	4,044
Nordic Made Inc	Trade and other Payables	-	441,314
TECO Maritime Group AS	Trade and other Payables	58,255	-
TECO Maritime Group AS	Interest-bearing loans and borrowings	4,000,000	-
Rubber Innovation Holding AS	Interest-bearing loans and borrowings	-	1,704,180
TECO Solutions AS	Trade and other Payables	1,704,811	113,024
TECO Electronics AS	Trade and other Payables	448,215	-
Tore Enger	Interest-bearing loans and borrowings	3,230,000	-
Total		**6,431,164**	**2,262,562**

Financial lease receivables includes related parties as specified below:

	% of finance lease receivable	NOK non-current finance lease receivables 31.12.2023	NOK current finance lease receivables 31.12.2023
TECO Solutions AS	45%	5,081,986	658,776
Blom Maritime AS	32%	3,613,857	468,463
TECO Maritime Group AS	12%	1,298,730	168,354
TECO Chemicals AS	12%	1,298,730	168,354
Total current and non-current finance lease receivables	**100%**	**11,293,302**	**1,463,947**

	% of finance lease receivable	NOK non-current finance lease receivables 31.12.2022	NOK current finance lease receivables 31.12.2022
TECO Solutions AS	38%	5,232,287	577,333
Blom Maritime AS	27%	3,814,377	420,880
TECO Maritime Group AS	10%	1,437,880	158,656
TECO Chemicals AS	10%	1,437,880	158,656
External company	14%	1,957,115	215,949
Total current and non-current finance lease receivables	**100%**	**1,463,947**	**282,882,570**

1) CEO in TECO 2030 ASA, Tore Enger, is the chairman of the board in TECO Maritime Group AS, Blom Maritime AS, TECO Solutions AS and TECO Chemicals. Blom Maritime Inc, TECO Maritime INC, BLOM Maritime Spolka Z.O.O, and Nordic Made INC are all a part of the TECO Maritime Group.
2) The CEO in TECO 2030 ASA, Tore Enger, is the chairman of the board in Rubber Innovation Holding AS.

6.2 Events after the reporting period

In January 2024, TECO 2030 started its second EU Horizon Project, Zero Emission Adriatic Ship - ZEAS, together with 13 partners from various European Countries. The overall project grant from EU Horizon is approx. EUR 13.5 million, where approx. EUR 2.3 million is reserved to TECO 2030's deliverable of 1.2 megawatts (MW) of fuel cells for full passenger vessel propulsion.

On 16 April, TECO 2030 announced to have signed an agreement with the Indian publicly listed company Advait Infratech Limited to partner up for a partnership relating to a planned fuel cell expansion in India and the SAARC countries. Simultaneously, Advait committed to invest approx. NOK 43 million (USD 4 million) through a private placement in TECO 2030, at a price per share of NOK 2.00. The closing of this private placement is expected to take place during the second half of July 2024.

On 19 June, TECO 2030 announced that the board of directors had approved the conversion of 84% of the bond loan into 41,310,511 shares at NOK 2 per share, increasing the company's total equity by NOK 82.6 million. The conversion amount included accumulated interests. The capital increase was registered in the Norwegian Business Registry on 26 June. Following this capital increase, the Company's new registered share capital is NOK 2,038,917.89 divided into 203,891,789 shares, each with a nominal value of NOK 0.01.

On 25 June, the Company held an Extraordinary General Assembly. As part of the agenda, the board of composition was reduced to three members. Pia Meling, Marit Kirkhusmo and Tim Young left the board whereas the remaining three board memebers continues for two more years. In addition, it was resolved to repay all borrowed shares from the share lending agreement with TECO Group AS (5.946.303 shares) by issuing the same number of shares at a cost equal to par value of NOK 0.01 (NOK 59,463.03).

6.3 Going concern

The Company is still in a ramp up phase, and the company's development programs as well as completion of the factory plant in Narvik is not fully financed. Historically, the Group's projects have been financed with proceeds from private placement on a step-by-step basis. During 2023 and into 2024, the Company has worked on raising new funds in a challenging capital market and the financial situation has been challenging. The Group commenced several cost-cut initiatives as well as entering into payment agreement with certain of its key suppliers, extending payment date into Q4-24 and Q2-25. This prove that the suppliers continue to be supportive about our business and technology.

To improve the balance sheet, amongst others to be able to participate in government grant initiatives, a process against its bondholders commenced in April 2024, and in June 2024 NOK 82.6 million was converted (nominal amount plus accrued interest). Further, in April, the Company succeeded with an agreement for an equity raise of USD 4 million (cash) towards an Indian listed Company, which is expected to be closed in second half of July 2024. The proceeds will partly be used to settle obligations of which no payment agreements are entered into, business development as well as covering operational expenses. The Group will need additional funding in 4th quarter of 2024. Management and Board have initiated several strategic initiatives and based on the progress against certain potential new investors, the Board of Directors is optimistic that sufficient funding to continue its operation, adhere to payment plans entered into with key suppliers as well as complete the development program will succeed. If the Company fails to obtain sufficient funding, this will have adverse impact on development of the Company, the value of assets and shareholder value.

The financial statements are prepared based on the going concern assumption. However, due to current market conditions, there is significant uncertainty about this assumption.

6.4 Investments in subsidiaries

Name of entity	Year of acqusition / incorporation	Place of incorporation	Ownership %
TECO 2030 AS	2020	Norway	100%
TECO2030 Power System AS	2020	Norway	100%
TECO 2030 INC	2020	USA	100%
TECO 2030 PTE LTD	2020	Singapore	100%
TECO 2030 Carbon Capture AS	2021	Norway	100%
TECO 2030 Future Funnel AS	2021	Norway	100%
TECO 2030 Innovation Center AS	2021	Norway	100%

TECO 2030 ASA
Statements of Comprehensive Income

Amounts in NOK	Notes	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Total revenue		3,836,502	2,783,980
Personnel expenses	2.1	-12,278,179	-17,827,756
Other operating expenses	2.2	-17,762,479	-23,278,572
Depreciation and amortisation	3.1,3.2	-3,064,622	-2,395,998
Total operating expenses		**-33,105,280**	**-43,502,326**
Operating profit (loss)		**-29,268,778**	**-40,718,346**
Finance income	4.8	28,073,514	9,294,118
Finance cost	4.6,4.8	-22,585,904	-9,068,409
Net financial income (expense)		**5,487,610**	**225,709**
Profit (loss) before tax		**-23,781,168**	**-40,492,637**
Profit (loss) before tax		**-23,781,168**	**-40,492,637**
Other comprehensive income:		-	-
Items that will not be reclassified to profit or loss		-	-
Items that will be reclassified to profit or loss		-	-
Total other comprehensive income for the period		-	-
Comprehensive income for the year		**-23,781,168**	**-40,492,637**

TECO 2030 ASA
Statements of Financial Position

Amounts in NOK	Notes	31.12.2023	31.12.2022
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	402,794	530,589
Intangible assets	3.2	293,853,902	51,885,405
Restricted deposits	4.7	18,172	2,900,000
Right-of-use assets	3.3	11,355,788	9,104,805
Finance lease receivables	3.3	21,167,985	25,121,340
Shares in subsidiaries	6.3	2,759,712	2,753,297
Other non-current assets		454,546	818,182
Restricted deposits	5.1	579,067	-
Total non-current assets		**330,591,966**	**93,113,618**
Current assets			
Trade and other receivables	2.3,6.1	1,086,609	15,744,008
Other receivables group companies	6.1	369,968,321	239,900,333
Other current assets		26,472,258	4,691,923
Current Financial lease receivables	3.3	3,085,890	2,771,901
Cash and cash equivalents	4.7	43,075	42,184,722
Total current assets		**400,656,153**	**305,292,887**
TOTAL ASSETS		**731,248,118**	**398,406,505**

Amounts in NOK	Notes	31.12.2023	31.12.2022
EQUITY AND LIABILITIES			
Equity			
Share capital	4.6	1,625,814	1,585,114
Treasure stock		-40,742	-
Share premium		281,784,553	262,260,674
Other reserves		16,060,402	14,465,202
Retained earnings		-110,459,089	-86,695,411
Total equity		**188,970,938**	**191,615,578**
Non-current liabilities			
Non-current lease liabilities	3.3	32,784,953	33,139,466
Other non-current liabilities		38,859,678	375,000
Non-current Liaiblities to group companies	6.1	314,081,147	51,644,154
Convertible bonds	4.3	93,497,933	93,248,446
Total non-current liabilities		**479,223,711**	**178,407,066**
Current liabilities			
Current lease liabilities	3.3	5,363,613	4,056,050
Current Liabilities to group companies	6.1	124,147	3,152,801
Interest-bearing loans and borrowings	6.1	450,000	1,704,180
Public duties payable		522,248	-
Trade and other payables	2.4	20,334,826	8,782,347
Other current liabilities	2.5	36,258,635	10,688,482
Total current liabilities		**63,053,469**	**28,383,860**
Total liabilities		**542,277,180**	**206,790,926**
TOTAL EQUITY AND LIABILITIES		**731,248,118**	**398,406,504**

Oslo, July 16th, 2024

Sigurd Gaarder Lange
Chairman of the Board

Birgit Marie Liodden
Member of the Board

John Herman Marcussen
Member of the Board

Tore Enger
Chief Executive Officer

TECO 2030 ASA
Statements of Changes in Equity

Amounts in NOK	Notes	Share capital	Share premium	Other reserves	Currency translation differences	Retained earnings	Total equity
Balance at 1 January 2022		**1,403,699**	**180,243,997**	**5,770,480**	**-**	**-82,846,471**	**104,571,705**
Issuance of shares 14.03.2022		16,088	6,686,285	-	-	-	6,702,373
Issuance of shares 24.10.2022		17,692	8,022,179	-	-	-	8,039,871
Issuance of shares 26.10.2022		7,189	3,259,757	-	-	-	3,266,946
Issuance of shares 07.11.2022		6,007	2,723,986	-	-	-	2,729,994
Issuance of shares 17.11.2022		96,028	51,950,972	-	-	-	52,047,000
Issuance of shares 29.11.2022		38,411	20,780,389	-	-	-	20,818,800
Share-based payments		-	-	1,392,974	-	-	1,392,974
Transaction costs on issuance of shares		-	-11,426,963	-	-	-	-11,426,963
Conversion rights - July 2022 convertible debt		-	-	3,831,653	-	-	3,831,653
Conversion rights - November 2022 convertible debt		-	-	2,370,791	-	-	2,370,791
Warrants		-	-	1,081,803	-	-	1,081,803
Profit (loss) for the year		-	-	-	-	-	-
Other comprehensive income		-	20,071	17,501	-	-3,848,939	-3,811,368
Profit (loss) for the year		**1,585,114**	**262,260,674**	**14,465,202**	**-**	**-86,695,411**	**191,615,578**

Amounts in NOK	Notes	Share capital	Share premium	Other reserves	Currency translation differences	Retained earnings	Total equity
Balance at 1 January 2023		**1,585,114**	**262,260,674**	**-**	**14,465,202**	**-86,695,411**	**191,615,578**
Issuance of shares 12.02.2023, exercise of share options		2,267	904,401	-	-	-	906,668
Issuance of shares 01.03.2023, conversion of bonds		38,433	18,750,769	-	-	-	18,789,202
Acquisition of own shares in debt-equity swap		-	-	-21,611	-16,650,458	-	-16,672,069
Reclassification		-	-131,293	-	-95,061	17,490	-208,864
Treasury shares acquired based on share-loan agreement (5m of 20m shares)		-	-	-50,000	-	-	-50,000
Convertion Rights		-	-	-	966,493	-	966,493
Share-based payments		-	-	-	281,975	-	281,975
Treasury shares sold		-	-	30,869	17,092,250	-	17,123,119
Profit (loss) for the year		-	-	-	-	-23,781,168	-23,781,168
Balance as of 31 December 2023		**1,625,814**	**281,784,553**	**-40,742**	**16,060,402**	**-110,459,089**	**188,970,938**

TECO 2030 ASA
Statements of Cash Flows

Amounts in NOK

Cash flows from operating activities	Notes	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Profit or loss before tax		**-23,781,168**	**-40,492,636**
Adjustments to reconcile profit before tax to net cash flows:			
Net financial income/expense		-	-1,297,665
Conversion right		-	-
Share based payments		-	1,392,974
Depreciation, amortisation and impairment	3.1,3.2	3,064,622	2,395,998
Changes in working capital:			
Changes in trade receivables and other receivables	2.4	-144,627,851	-161,567,996
Changes in trade and other payables	2.5	13,909,278	23,565,758
Change in inventories		-	-
Other adjustments		60,626,099	-2,747,999
Net cash flows from operating activities		**-90,809,020**	**-178,751,566**
Cash flow from investing activities			
Purchase of property, plant and equipment	3.1	-	-269,120
Development expenditures	3.2	-241,027,063	-4,804,331
Purchase of shares and investments in other companies	6.3	579,067	-
Loans to related parties	6.1	-	-8,225,877
Interest received	4.8	282,907	304,058
Net cash flows from investing activities		**-240,165,089**	**-12,995,270**

Cash flows from operating activities	Notes	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Cash flow from financing activities			
Net proceeds from issuance of equity		21,119,037	82,935,283
Net proceeds from convertible debt	4.3	249,787	98,355,759
Repayment of interest		-	-2,824,626
Proceeds from group- liabilities		262,436,993	-
Cash payments for the principal portion of the lease liability	3.3	1,307,563	-3,840,334
Cash payments for the interest portion of the lease liability	3.3	-	-1,525,706
Cash received for the principal portion of the sublease receivables		-	2,665,288
Cash received for the Interest portion of the sublease receivables		3,953,355	1,140,393
Net cash flows from financing activities		**289,066,735**	**176,906,057**
Net increase/(decrease) in cash and cash equivalents		-41,907,374	-14,840,779
Cash and cash equivalents at beginning of the year/period	4.7	42,184,721	57,259,772
Effects of exchange rate changes on cash and cash equivalents		-234,273	-234,273
Cash and cash equivalents, end of year		**43,075**	**42,184,721**

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

TECO 2030 ASA
Notes to financial statements

Section 1 - Overview

1.1 Corporate 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 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 Technology, 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 30 September 2019, as a limited liability company, under the name TECO EGCS AS, before it subsequently changed its name to TECO 2030 AS. On 5 August 2020 an extraordinary general meeting approved conversion from a limited liability company to a public limited company under the name TECO 2030 ASA. TECO 2030 ASA shares are traded on Euronext Growth (Oslo, Norway). The registered office address of TECO 2030 is Lysaker Torg 45, 1366 Lysaker, Norway.

The financial statements for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Board on 16 July 2024. Until this date the Board of Directors has the authority to amend the financial statements.

1.2 Basis of preparation

The financial statements of TECO 2030 consist of the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and related notes. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) effective as of 31 December 2023. The financial statements also include the additional applicable disclosure requirements in the Norwegian Accounting Act as effective as of 31 December 2023.

The financial statements have been prepared on a historical cost basis and are presented in Norwegian Kroner (NOK).

1.3 Estimates, judgements and assumptions

The preparation of the financial statements in accordance with IFRS and applying the chosen accounting policies requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

Judgements

In the process of applying the 's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements:

Capitalisation of internal development costs

Initial capitalisation of direct costs is based on management's judgement that technological and economic feasibility is confirmed. A detailed description of the judgements applied is presented in note 3.2.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Useful lives of intangible assets

The useful lives of intangible assets are assessed as either finite or indefinite and may in some cases involve significant estimates related to the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset. A detailed description of the significant estimates and assumptions is presented in note 3.2.

Going concern

The Company is still in a ramp up phase, and the company's development programs as well as completion of the factory plant in Narvik is not fully financed. Historically, the Group's projects have been financed with proceeds from private placement on a step-by-step basis. During 2023 and into 2024, the Company has worked on raising new funds in a challenging capital market and the financial situation has been challenging. The Group commenced several cost-cut initiatives as well as entering into payment agreement with certain of its key suppliers, extending payment date into Q4-24 and Q2-25. This prove that the suppliers continue to be supportive about our business and technology.

To improve the balance sheet, amongst others to be able to participate in government grant initiatives, a process against its bondholders commenced in April 2024, and in June 2024 NOK 82.6 million was converted (nominal amount plus accrued interest). Further, in April, the Company succeeded with an agreement for an equity raise of USD 4 million (cash) towards an Indian listed Company, which is expected to be closed in second half of July 2024. The proceeds will partly be used to settle obligations of which no payment agreements are entered into, business development as well as covering operational expenses. The Group will need additional funding in 4th quarter of 2024. Management and Board have initiated several strategic initiatives and based on the progress against certain potential new investors, the Board of Directors is optimistic that sufficient funding to continue its operation, adhere to payment plans entered into with key suppliers as well as complete the development program will succeed. If the Company fails to obtain sufficient funding, this will have adverse impact on development of the Company, the value of assets and shareholder value.

The financial statements are prepared based on the going concern assumption. However, due to current market conditions, there is significant uncertainty about this assumption.

Financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

1.4 Significant accounting policies

The material accounting policies applied in the preparation of these financial statements are described in the respective note, or if not, set out below.

Foreign currency translation

Items included in the financial statements are measured using the functional currency. The Company's financial statements are presented in Norwegian Kroner (NOK), which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in the statement of profit or loss on a net basis within other gains/(losses).

Current/non-current classification

An asset is classified as current when it is expected to be realised, or is intended for sale or consumption, in the Company's normal operating cycle, it is held primarily for the purpose of being traded, or it is expected/due to be realised or settled within twelve months after the reporting date. Other assets are classified as non-current.

A liability is classified as current when it is expected to be settled in the Company's normal operating cycle, is held primarily for the purpose of being traded, the liability is due to be settled within twelve months after the reporting period or if the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current. Deferred tax assets and deferred tax liabilities are classified as non-current.

Subsidiaries

Investments in subsidiaries are recognised at acquisition cost.

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash and bank deposits. Cash and cash equivalents excludes cash that is not readily available for short-term liquidity needs. Any cash given as a deposit in connection with the leasing of premises is not readily available and is therefore excluded from cash and cash equivalents.

Trade receivables

The Company initially recognises trade receivables at the amount of unconditional consideration to which the Company is contractually entitled. Trade receivables are subsequently measured at amortised cost using the effective interest method, less any loss allowance. The Company applies the IFRS 9 simplified loss allowance approach which requires expected lifetime losses to be recognised.

Inventories

Inventory consists of purchased finished goods, which are stated at the lower of cost and net realisable value. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Costs are assigned to individual items of inventory on the basis of weighted average costs. As of the end of 2023, the Company does not own any other inventory.

Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received, and the company has meet all of the attached grant conditions. When the grants relate to an expense item, it is recognised as a reduction of the expense on a systematic basis over the time period that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is presented in the statement of financial position by deducting the amount of the grant in arriving at the carrying amount of the asset. The receipt of the grant is then recognised in the statement of comprehensive income over the useful life of that asset as a reduction in the depreciation expense.

Statement of cash flows

The statement of cash flows is presented using the indirect method. Cash inflows and outflows are shown separately for investing and financing activities, while operating activities include both cash and non-cash line items.

Distribution to shareholders

TECO 2030 ASA recognises a liability to make distributions to its shareholder when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws of Norway, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity, net of current income tax.

Employee benefits, guarantees and remuneration to management, board of directors and shareholders

The Company have a defined occupational pension plan in accordance with Norwegian legislation on occupational pensions ("lov om obligatorisk tjenestepensjon") which is described in Note 2.1. Any details of loans or issued guarantees to board members, the CEO, shareholders or other related parties along with the board and the CEO remuneration has been disclosed in note 6.1.

1.5 New standards and amendments

Last year new standards and amendments that are effective for the first time for periods commencing on or after 1 January 2023 were adopted by the Company but did not have any impact or were not relevant to the Group's financial statements upon adoption.

Other standards, amendments to standards, and interpretations of standards, issued but not yet effective, are either not expected to impact the Company's financial statements materially, or are not expected to be relevant to the Company's financial statements upon adoption.

Section 2 - Operating performance

2.1 Employee benefit expenses

Employee benefit expense	01.01.2023-31.12.2023	01.01.2022-31.12.2022
Salaries and wages	9,695,706	12,043,623
Social security tax*	890,186	4,244,503
Pension	1,258,167	890,214
Other personnel costs	925,974	707,311
Share-based payments	215,559	1,079,255
Capitalised personnel expense	-707,413	-1,258,650
Reimbursed personnel expenses	-	121,500
Reimbursement - Government grants (Skattefunn)	-	-
Total employee benefit expenses	**12,278,179**	**17,827,756**

* * Social securities tax includes tax expenses related to the option scheme.

The Company has 6 employees as of year-end 2023.

Capitalised personnel expense

Personnel expenses of NOK 707 413 has been capitalised as development.

Pensions

The Company is obligated to follow the stipulations in the Norwegian Mandatory Occupational Pensions Act. The Company's pension scheme adheres to the legal requirements. The Company has a defined contribution plan.

Share-based payments

TECO 2030 accounts for share-based compensation in accordance with IFRS 2 Share-based Payment.

Equity-settled, share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the grant date. The vesting period is the period over which all of the specified vesting conditions are to be satisfied. The fair value is expensed over the vesting period as an employee benefit expense, with a corresponding increase in equity.

The fair value at the grant date is determined using the Black-Scholes option pricing model, which takes into account the exercise price, the life of the option, the current price of the underlying shares, the expected volatility of the share price, any dividends expected on the shares and the risk-free interest rate for the life of the option. The expected share price volatility is based on historical volatility for a selection of comparable listed companies. The risk-free interest rate is based on zero-coupon government bonds with a term equal to the expected term of the option being valued.

Social security contributions payable in connection with an option grant are considered an integral part of the grant itself. The charges are treated as cash-settled, share-based payments and measured at fair value each reporting date. The fair value measurement for the social security liability per option is based on the reporting period ending share price less the strike price. All vested and partially vested options that are in-the-money are included in the fair value measurement. The remeasurement change is recognised as an expense in profit or loss and as an adjustment to the social security liability in the statement of financial position.

When the options are exercised, the appropriate number of shares are transferred to the employee. The proceeds received from the exercise of the options (net of any directly attributable transaction costs) are credited directly to equity.

Description

The Board of Directors has implemented a share incentive scheme for employees and board members of the Company for the period 2020 – 2022. The first grant was made in 2021. There have not been any share options granted during 2022 or 2023. Each option gives the option holder the right, but not the obligation, to subscribe to or purchase (at the Company's choice) one Share in the Company. The number of options, vesting period, strike price and the date(s) of exercise and expiry are set out in each individual grant letter. Participation in the plan is at the board's discretion, and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Any vested options not exercised during an exercise period can be exercised during subsequent exercise periods until the expiry date of the options, provided that the conditions for exercise are fulfilled. As a main rule, the option holder must be employed at the time of exercising the options.

There are at least two exercise periods each calendar year. Under the plan, participants are granted options which vest at 12, 24 and 36 months from the date of the grant. The options were granted in February 2021. During 2022 there have been no grants, exercises, expirations or forfeitures.

The options, once vested, remain exercisable until 48 months after the date of the grant letter. Options are granted under the plan for no consideration and carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share at the stated exercise price in the stock option agreement. Exercised options are settled in shares, not cash. The exercise price of the options is NOK 4 for options vesting 12 months (tranche 1) after the 2021 grant date (February 2022), NOK 8 for options vesting 24 months (tranche 2) after the 2021 grant date (February 2023) and NOK 10 for options vesting 36 months (tranche 3) after the 2021 grant date (February 2024).

As of year-end 2023 there are a total of 2,030,000 vested and exercisable options with a remaining life of 13 months and a strike price of NOK 4, NOK 8 and NOK 10. Share-based compensation expense recognised in 2023 is NOK 1 079 255 (2021: NOK 4 570 902). The social security liability related to the options as of year-end 2023 is NOK 79 994 (2022: NOK 2,493,577). Summaries of the options outstanding as of year-end 2023, in total and for key management and the board of directors are presented in the following tables.

Key management	Options granted 2022	Options granted 2021	Options exercised in 2023	Options expired in 2023	Total options outstanding 31.12.2023	Options vested and exercisable as of 31.12.2023
Tore Enger (CEO)	-	1,500,000	-	-	1,500,000	1,000,000
Pål Christian Johnsen (CFO)	-	450,000	-	-	450,000	300,000
Tor-Erik Hoftun (CSO)	-	900,000	-	-	900,000	600,000
Erling Hoftun (Managing Director TECO 2030 AS)	-	200,000	-	-	200,000	100,000
	-	**3,050,000**	**-**	**-**	**3,050,000**	**2,000,000**

Options granted to all employees	2023	2022
Options granted during the year	-	-
Options exercised during the year	10,000	-
Options expired or terminated during the year	-	-
Total options outstanding 31.12	3,100,000	3,110,000
Total options vested and exercisable as of 31.12	2,030,000	1,020,000

1) The 60,000 options were exercised at NOK 4 with a market value at NOK 10.10

Board of directors	Options granted 2022	Options granted 2021	Options exercised in 2023	Options expired in 2023	Total options outstanding 31.12.2023	Options vested and exercisable as of 31.12.2023
Sigurd Lange	-	1,500,000	-	-	1,500,000	1,000,000
Birgit Liodden	-	150,000	-	-	150,000	100,000
Pia Meling	-	150,000	50,000	-	100,000	100,000
Marit Kirkhusmo	-	150,000	-	-	150,000	100,000
Herman Marcussen	-	150,000	-	-	150,000	100,000
Total	**-**	**2,100,000**	**50,000**	**-**	**2,050,000**	**1,400,000**

B&S Option value	Tranche 1	Tranche 2	Tranche 3
Shareprice (NOK)	4.37	4.37	4.37
Strike price (NOK)	4	8	10
Risk-free interest rate	0.55%	0.55%	0.55%
Expected life - years	4	4	4
Expected dividend (NOK)	-	-	-
Volatility	21.51%	21.51%	21.51%
Option fair value (NOK)	**2.57**	**0.61**	**0.28**
Number of options granted per tranche	1,650,000	1,850,000	1,850,000
Total option fair value at grant date (NOK)	**4,248,487**	**1,121,432**	**510,666**
Vesting period from grant date	**12 months**	**24 months**	**36 months**

2.2 Other operating expenses

Other operating expenses (NOK)	01.01.2023-31.12.2023	01.01.2022-31.12.2022
Management fees	-	-
Legal, audit and professional fees	7,683,749	8,699,242
Other operating expenses	10,078,730	14,579,329
Reimbursement - Government grants (Skattefunn)	-	-
Total other operating expenses	**17,762,479**	**23,278,571**

Auditor fees	01.01.2023-31.12.2023	01.01.2022-31.12.2022
Statutory audit (excl. VAT)	756,100	322,225
Audit related services and attestation (excl. VAT)	396,620	177,500
Total remuneration to the auditor	**1,152,720**	**499,725**

2.3 Trade and other receivables

Trade and other receivables	31.12.2023	31.12.2022
Trade receivables	1,086,609	3,675,829
Other receivables	-	-
Government grants receivable (Skattefunn)	4,750,001	948,845
Interest bearing loans related parties	369,968,321	11,119,334
Total other receivables	**375,804,931**	**15,744,008**

2.4 Trade and other payables

Trade and other payables (NOK)	31.12.2023	31.12.2022
Trade payables	20,334,826	5,016,437
Public duties payable	522,248	3,765,910
Total trade and other payables	**20,857,074**	**8,782,347**

2.5 Other current liabilities

	31.12.2023	31.12.2022
Salaries payable and board remuneration payable	1,131,092	1,269,534
Contract liabilities	22,804,700	5,200,000
Other accrued expenses	12,322,843	4,218,947
Total other current liabilities	**36,258,635**	**10,688,481**

Section 3 - Asset base

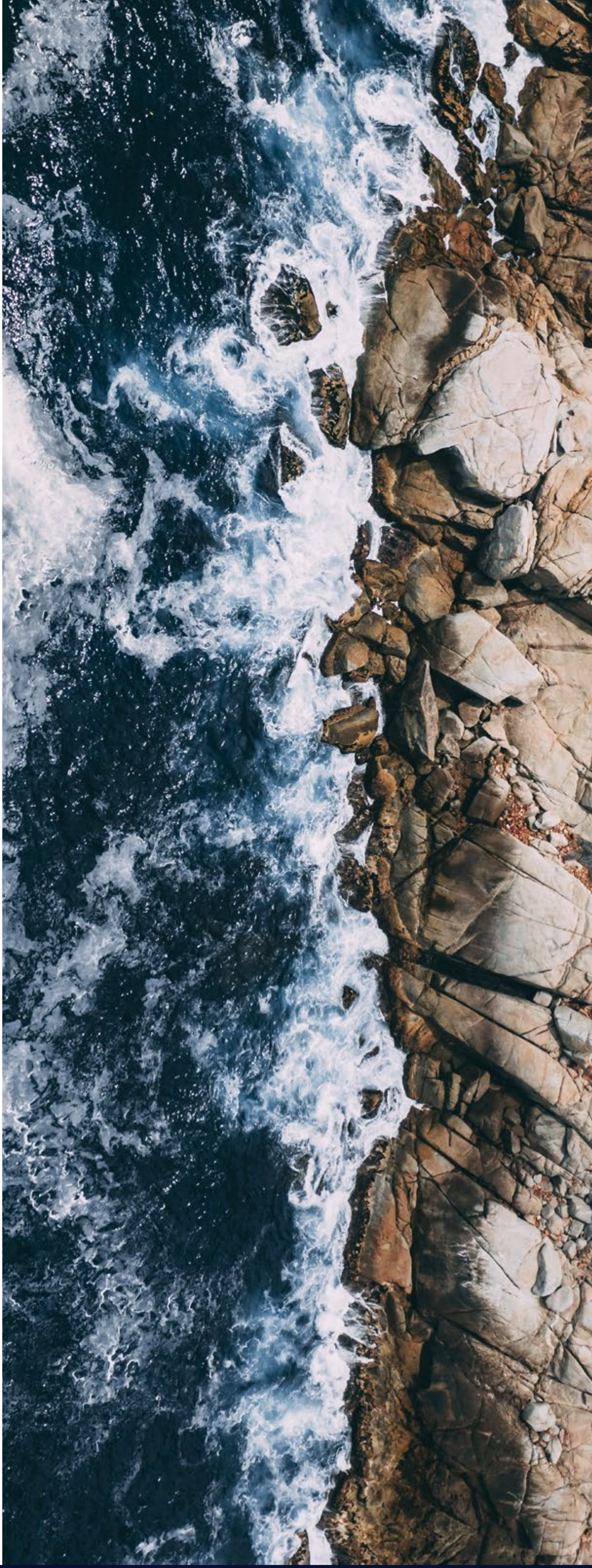
3.1 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses . Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The residual values, useful lives and methods of depreciation of PP&E are reviewed at each financial year end and adjusted prospectively, if appropriate.

The Company assesses, at each reporting date, whether there is an indication that property, plant and equipment may be impaired. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. No indicators for impairment of property, plant and equipment were identified in the current or prior period.



	Equipment and movables	Total
Acquisition cost 01.01.2023	**1,121,886**	**1,121,886**
Additions	-	-
Disposals	-	-
Reclassifications	-	-
Acquisition cost 31.12.2023	**1,121,886**	**1,121,886**
Accumulated depreciation & impairment 31.12.2022	-591,297	-591,297
Depreciation for the year	-127,795	-127,795
Disposals	-	-
Impairment	-	-
Reclassifications	-	-
Accumulated depreciation & impairment 31.12.2023	**-719,092**	**-719,092**
Carrying amount 31.12.2023	**402,794**	**402,794**
Economic life (years)	3-5	
Depreciation plan	Straight-line method	

3.2 Intangible assets

Nature of the Company's intangible assets

The Company has recognised intangible assets comprising internal development projects related to the Companys solutions:

- Capitalised value of aquired Strategic Cooperation Agreement
- TECO PEM Fuel cells
- TECO Fuel Cell Factory

ACCOUNTING POLICIES
Intangible assets acquired in a business combination

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value on the date of acquisition. Following initial recognition, until the development of the intangible asset is finalised no amortization is recognised and the carrying amount will be tested for impairment at least once a year, or more often if there are indicators of impairment. When finalised, the patented technology will be amortised using the straight-line method over the estimated useful life.

Intangible assets with finite useful lives are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired and on an annual basis. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as prospective changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of comprehensive income in the line for depreciation and amortisation.

SIGNIFICANT ACCOUNTING JUDGEMENTS
Capitalisation of internal development costs

Development expenditures on an individual project, which represents new applications/technology, are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention to complete and its ability and intention to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.
- Its ability to use or sell the intangible asset.

Other costs are classified as research and are expensed as incurred.

Amortisation of the asset begins when the asset is available for use and is amortised over the period of expected future benefit. No indicators for impairment of intangible assets were identified in the current or prior period.

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS
Useful lives of intangibles

The useful lives of intangible assets are assessed as either finite or indefinite and may in some cases involve considerable assessments. Intangible assets with indefinite useful lives are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. An indefinite useful life means that it is not possible to estimate the foreseeable period over which the asset is expected to generate net cash inflows for the entity.

	Development	Completed development	Sales and distribution agreement	Production plant design development	Website	Total
Acquisition cost 01.01.2023	**47,620,966**	**-**	**3,750,000**	**2,321,711**	**50,400**	**53,743,077**
Additions	240,365,847	-	-	2,650,712	-	243,016,559
Disposals	-	-	-	-	-	-
Reimbursement - Government grants (Skattefunn)	-298,061	-	-	-	-	-298,061
Reclassifications	-	-	-	-	-	-
Acquisition cost 31.12.2023	**287,688,752**	**-**	**3,750,000**	**4,972,423**	**50,400**	**296,461,575**
Accumulated amortisation & impairment 01.01.2023	-	-	-1,812,500	-23,333	-21,840	-1,418,138
Amortisation for the year	-	-	-750,000	-	-	-750,000
Impairment	-	-	-316,667	-	-	-316,667
Disposals	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Transferred to Subsidiaries	-	-	-	-	-	-
Accumulated amortisation & impairment 31.12.2023	**-**	**-**	**-2,879,167**	**-23,333**	**-21,840**	**-2,484,805**
Carrying amount 31.12.2023	**287,688,752**	**-**	**870,833**	**4,949,090**	**28,560**	**293,537,235**
Economic life (years)		7	5		5	5
Amortisation plan		Straight-line method	Straight-line method		Straight-line method	Straight-line method

Research and development
The Company performs a range of research and development projects related to the Company's technology and solutions. Research and development expenses that were not capitalised are included in the statement of comprehensive income as other operating expenses.

Intangible assets with indefinite useful lives - Impairment considerations

Intagible assets

TECO 2030's intangible assets consist of multiple different factors. The historic sales and distribution agreement, as well as a strategic cooperation agreement with the Company's major development partner is still in full effect but is becoming an increasingly small percentage of the total intangible assets. The reason for this being that these intangible assets have depreciated in value over time, as well as the fuel cell development cost capitalisation is increasing.

As the company continues ramping up its fuel cell development project more and more costs are capitalised as intangible assets. The majority of intangible assets are therefore related to this project. As this project has not yet reached maturity no depreciation has yet been accounted for on this portion of intangible assets.

3.3 Leases

Identifying a lease

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Recognition of leases and exemptions
At the lease commencement date, the Company recognises a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:

- Short-term leases (defined as 12 months or less)
- Low value assets

For these leases, the Company recognises the lease payments as Other operating expenses in the statement of profit or loss when they incur.

Measuring the lease liability
The lease liability is measured at present value of unpaid lease payment which incluedes the following:

- Fixed rental payments less incentives
- Variable lease payments based on an index or rate
- Purchase option price (reasonably certain)
- Guaranteed Residual Value
- Penalty for termination of lease

The lease liability is subsequently measured by increasing the carrying amount to reflect interest charges and reducing the carrying amount to reflect lease payments. The carrying amount of lease liability is remeasured to reflect any reassessments or lease modifications that have been made during the reporting period.

Measuring the right-of-use asset
Right of use of asset is Initially measured at Cost. Cost includes:

- The amount of initial lease liability
- Lease payments made on or before commencement
- Initial direct costs incurred
- Estimated costs of dismantling or site restoration
- Less: Incentives

The right-of-use of asset is subsequently measured using cost model i.e. cost less accumulated depreciation and impairment losses. The Company applies the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use asset, except that the right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset. The Company has elected to not apply the revaluation model for its right of use asset for leased buildings. The Company applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Interest Rate
Interest rate for the calculation of present value of future lease payments is either

- Interest rate implicit in a lease OR
- Incremental borrowing rate by lessee

Right-of-use assets
The Company leases office space (premesis) and vehicles. the Company has elected to apply the practical expedient related to the leasing of low value assets (primarily leases of personal computers, IT equipment and other office equipment) and does not recognise a lease liability or right-of-use assets for these items. The lease payments are expensed when they incur.

Right - of use assets	Premises	Vehicles	Total
Acquisition cost 01.01.2021	**-**	**-**	**-**
Addition of right-of use assets	2,287,007	1,201,563	3,488,570
Disposals	-	-	-
Transfers and reclassifications	-	-	-
Acquisition cost 31 December 2021	**2,287,007**	**1,201,563**	**3,488,570**
Depreciation and impairment 31 December 2021	-	-	-
Change in contract	-	-	-
Depreciation	-76,234	-253,444	-329,678
Impairment losses in the period	-	-	-
Disposals	-	-	-
Transfer and reclassifications	-	-	-
Currency exchange differences	-	-	-
Accumulated depreciation and impairment 31 December 2021	-76,234	-253,444	-329,678
Carrying amount of right-of use assets 31 December 2021	**2,210,773**	**948,119**	**3,158,892**

Right - of use assets	Premises	Vehicles	Total
Acquisition cost 01.01.2022	**2,287,007**	**1,201,563**	**3,488,570**
Addition of right-of use assets	-	781,171	781,171
Disposals	-	-	-
Transfers and reclassifications	6,485,414	-	6,485,414
Acquisition cost 31 December 2022	**8,772,421**	**1,982,734**	**10,755,155**
Depreciation and impairment 01 Janaury 2022	-76,234	-253,444	-329,678
Depreciation	-900,704	-419,970	-1,320,674
Accumulated depreciation and impairment 31 December 2022	-976,938	-673,414	-1,650,352
Carrying amount of right-of use assets 31 December 2022	**7,795,484**	**1,309,320**	**9,104,805**

Lease liabilities

Undiscounted lease liabilities and maturity of cash outflows	2023	2022
Less than 1 year	4,109,263	3,623,029
1-2 years	4,251,759	3,754,694
2-3years	4,120,341	3,891,625
3-4 years	4,079,030	3,702,625
4-5years	4,167,499	3,850,730
Beyond 2026 / Later than 5 years	16,552,804	19,911,180
Total undiscounted lease liabilities at 31 December	**37,280,696**	**38,733,882**

Summary of the lease liabilities in the financial statements	Statement of:	Total
Changes in contracts		-
New lease liabilities recognised in the year		**165,000**
Cash payments for the principal portion of the lease liability	Cash flows	**3,840,334**
Cash payments for the interest portion of the lease liability	Cash flows	**1,525,706**
Interest expense on lease liabilities	Profit and loss	**1,525,706**
Reassessment of the discount rate on previous lease liablities	Profit and loss	**-**
Total lease liabilities at 31 December 2023		**38,148,566**
Current lease liabilities	Balance sheet	5,363,613
Non-current lease liabilities	Balance sheet	32,784,953
Total cash outflows for leases	Cash flows	5,366,040

TECO 2030 ASA subleases the office location Lysaker Torg 45 to various companies over the same time period as the head lease. The Current financial lease receivables related to this sublease as of 31.12 2023 is NOK 3 085 890, the non-current financial lease receivable is NOK 21 167 985.

Section 4 - Financial instruments, risk and equity

4.1 Financial instruments

ACCOUNTING POLICIES

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Classification of financial instruments:

The classification of financial assets depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. The Company measures its financial assets at amortised cost. At initial recognition, the financial assets are measured at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Interest income from these financial assets is included in finance income using the effective interest rate method.

The Company's financial instruments are grouped in the following categories:

Financial assets measured at amortised cost:

- Includes trade receivables, cash and cash equivalents and loans to related parties and intercompany loans.

Financial liabilities measured at amortised cost:

- Represents the Company's interest-bearing liabilities including loans from related parties and non-interest bearing liabilities such as trade payables and borrowings from related parties.

Financial liabilities measured at fair value:

- Includes the conversion option derivative recognised in 2019. Upon redemption of the convertible bond loan the Company does not have any financial liabilities measured at fair value over profit or loss.

All of the Company's financial assets are part of the Company's business model with the sole objective to collect contractual cash flows. Additionally, the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, thereby passing the "SPPI test", constituting debt instruments measured at amortised cost. None of the Company's financial liabilities are designated as at fair value through profit or loss, i.e. they are all measured at amortised cost. The Company does not buy or sell or hold any derivative financial instruments.

Initial recognition and subsequent measurement

The Company's financial assets and liabilities are initially recognised at fair value plus directly attributable transaction expenses. Subsequently, these instruments are measured at amortised cost using the effective interest method (EIR). Gains and losses are recognised in profit or loss upon impairment, when the instruments are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income.

Impairment of financial assets

Financial assets measured at amortised cost are considered for impairment by recognising an allowance for expected credit losses (ECLs). The Company bases its ECLs on its historical losses (if any), adjusted for forward-looking factors specific to the customer and the economic environment.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

The carrying amount of the Company's financial assets and liabilities are presented in the table below at their gross amount unless otherwise stated:

31.12.2022	Note	Financial instruments at amortised cost	Total
Assets			
Other receivables intercompany	6.1	239,900,333	239,900,333
Loans to related parties	6.1	-	-
Trade receivables	2.3,6.1	8,813,576	8,813,576
Finance lease receivables	3.3	25,121,340	25,121,340
Cash and cash equivalents *	4.7	42,184,722	42,184,722
Government grants receivable (Skattefunn)	2.3	1,466,884	1,466,884
Total financial assets		**317,486,855**	**317,486,855**
Liabilities			
Interest bearing liabilities to related parties	4.2	1,704,180	1,704,180
Current and non-current lease liabilities	3.3	37,195,516	37,195,516
Current liabilities to group companies	6.1	1,704,180	1,704,180
Trade payables	2.4	6,425,548	6,425,548
Total financial liabilities		**47,029,424**	**47,029,424**

31.12.2023	Note	Financial instruments at amortised cost	Total
Assets			
Other receivables intercompany	6.1	369,968,321	369,968,321
Loans to related parties	6.1	-	-
Trade receivables	2.3,6.1	1,086,609	1,086,609
Current finance lease receivables	3.3	21,167,985	21,167,985
Cash and cash equivalents *	4.7	43,075	43,075
Government grants receivable (Skattefunn)	2.3	4,750,001	4,750,001
Total financial assets		**397,015,991**	**397,015,991**
Liabilities			
Interest bearing liabilities to related parties	4.2	450,000	450,000
Current and non-current lease liabilities	3.3	38,148,566	38,148,566
Current liabilities to group companies	6.1	450,000	450,000
Trade payables	2.4	20,334,826	20,334,826
Total financial liabilities		**59,383,392**	**59,383,392**

4.2 Interest-bearing loans and borrowings

Current interest bearing loans and borrowings	31.12.2023	31.12.2022
Borrowings from related parties	450,000	1,704,180
Convertible bond loan	93,497,933	93,248,447
Net total current interest bearing loans and borrowings	**93,947,934**	**94,952,627**

The Company entered into two convertible bond agreements in 2022 and another one in 2023, as described in note 4.3.

The convertible bond loans are secured with a formally registered property mortgage on leased facilities in Narvik. TECO 2030 ASA has obtained the right to register the Narvik facilities as colleteral.

The company has not pledged any other assets as security for it's borrowings and there are no specific capital restrictions or covenants related to its borrowings.

In June 2024, NOK 82.6 million of the bond loan was converted into shares at NOK 2 per share. For more information, see note 6.2.

	Convertible bond loan	Borrowings related parties	Total
Balance at 01.01.2021	**10,000,000**	**1,704,180**	**11,704,180**
Non-cash changes			
Redemption of convertible bond loan for shares	-10,000,000	-	-10,000,000
Total non-cash changes	**10,000,000**	**-**	**-10,000,000**
Balance 31.12.2022	**-**	**1,704,180**	**1,704,180**
Changes from financing cash flows			
Proceeds from convertible bonds	101,843,827	-	101,843,827
Payment of transaction costs convertible bonds	-2,988,068	-	-2,988,068
Payment of interest	-2,824,626	-	-2,824,626
Payment of collateral fee convertible bonds	-500,000	-	-500,000
Total changes from financing cash flows	**95,531,133**	**-**	**95,531,133**

	Convertible bond loan	Borrowings related parties	Total
Non-cash changes			
Derivative conversion rights transfered to equity	-6,202,444	-	-6,202,444
Transaction costs convertible bonds - warrants	-324,541	-	-324,541
Total interest expense - convertible bonds	3,244,297	-	3,244,297
Transaction costs - collateral fee convertible bonds	1,249,486	-	1,249,486
Accrued interests	-	-1,254,180	-1,254,180
Total non-cash changes	**-2,033,202**	**-1,254,180**	**-3,287,382**
Balance 31.12.2023	**93,497,933**	**450,000**	**93,947,933**

4.3 Convertible bonds

Accounting principles

Financial liabilities are recognised at fair value at initial recognition and at amortised cost using the effective interest method at subsequent recognition. 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 recognised at fair value through profit or loss. Conversion rights that meet the definition of "fixed-for-fixed" are measured at fair value and recognised directly as equity at initial recognition of the convertible bond agreement. A conversion right meets the definition of "fixed-for-fixed" when the conversion feature can be settled by TECO delivering a fixed number of its shares in exchange for a fixed amount of cash.

For convertible debt that has a fixed-for-fixed equity conversion feature, the initial fair value of the liability portion of the convertible bond is determined using a market interest rate for an equivalent non-convertible bond at the issue date. The liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option and recognised in shareholders' equity, net of income tax, and not subsequently remeasured.

Transaction costs are costs which are directly attributable to the convertible debt transaction. Transaction costs directly related to the borrowings are included in the effective interest amortisation schedule. Transaction costs are expensed immediately to equity when the transaction is a share-based and owner-related transaction. Transaction costs are allocated between the conversion right and the debt when material.

Description

Convertible debt issuance

TECO entered into secured convertible bond agreements in 2022 and 2023. Funds were made available to TECO on four different dates. The key features of the agreements are summarized in the table below.

Date of issue	1 June 2022	25-Nov-22	17-Apr-23	9 Oct 2023
Total funds	70,6 m	31,2 m	12,0 m	4,1 m
Maturity date	1 June 2025	1 June 2025	5 April 2026	9 Oct 2026
Conversion price	kr 5.09	kr 5.09	Kr 9,7307	Kr 9,7307
Agreed interest rate*	8.00%	8.00%	8.00%	12.00%
Market rate**	10.50%	12.00%	11.50%	13.00%
Value of conversion right	3,8 m	2,3 m	0,9 m	0,1 m
Amortised cost of convertible debt at the date of issue	67,0 m	26,0 m	11,2 m	4,1 m

*) The agreed upon interest rate is a fixed rate to be paid quarterly.
**) Estimated marked interest rate at the date of issue for a loan without the conversion right.

The lenders can convert before the maturity date and the conversion period is open twice a year. The lender must convert a minimum amount varying between NOK 0,5 million and NOK 1 million of total debt held at each conversion request.

The convertible debt is secured with a formally registered ("tinglyst") property mortgage on the leased Narvik production facility. The Narvik production facility lease includes a purchase option. See note 3.3 on leases for further details. TECO 2030 has obtained the right to register the Narvik facility as collateral against their 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 was due in August 2023. TECO 2030 received a waiver for this amount. This NOK 1 million is appropriately accounted for as a direct transaction cost to secure 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 is presented in the balance sheet as Other non-current assets as of 31 December 2023. This NOK 1 million will be amortised over the life of the loan (or until conversion) as interest expense.

The conversion rights in these convertible debt agreements meet the definition of "fixed-for-fixed". There are no embedded derivatives in the debt agreements.

The difference in the net present value of the cash flows using the agreed interest rate in the agreements and the estimated marked interest rate at the date of issue for a loan without the conversion right, is the fair value of the conversion rights. The equity conversion rights have been recognised in the financial statements directly to equity at fair value, presented as part of Other reserves.

Interest payments and interest expenses recognised in P&L are summarised in the table below.

	Interest payments 2023	Interest payments 2022	Interest expenses 2023	Interest expenses 2022
June 2022 loan (70,6 m*)	4,476,250	2,864,625	5,620,898	3,945,821
November 2022 loan (31,2 m)	2,498,256	624,564	4,521,313	370,266
April 2023 loan (12,0 m)	435,578	n/a	915,332	n/a
October 2023 loan (4,1 m)	0	n/a	117,177	n/a
Total	7,410,084	3,449,189	11,174,720	4,316,087

*) The loan was partially converted in February 2023. Refer to further information below.

Convertible debt February 2023 conversion

On 23 February 2023, NOK 19,549,997 (nominal value) of the issued convertible debt was converted into shares. The conversion amounted to 3,843,280 shares in the company with a conversion price of NOK 5.0868. The carrying value (amortized costs) of the converted load was NOK 18,789,202. Convertible bonds on the balance sheet were reduced with this amount and the equity increased. No gain or loss was recognized.

Consultant fees - warrants issued

In connection with the November 2022 convertible debt and share issuance TECO 2030 incurred consultant fees which are directly attributable to the Sun Hydrogen Inc. transactions. The consultant fees consisted of cash paid to the consulting firm and the fair value of warrants issued to the consultants. The allocation of the consultant fees is a 70/30 percent split based on the total amount invested by Sun Hydrogen Inc. Sun Hydrogen Inc. invested USD 10 million in total, 70 percent share purchase and 30 percent convertible debt.

The total cash consultant fee was NOK 9,9 million of which NOK 6,9 million was allocated to the share issuance and NOK 3,0 million allocated to the convertible debt. The consultant fee allocated to the debt has been included in the effective interest amortisation schedule and is recognised each period as part of the interest expense.

The fair value of the warrants at their issuance date was NOK 1,1 million and of this amount NOK 325 thousand was allocated to the debt. The fair value of the warrants was determined using the Black-Scholes model. The parameters used are given in the table below. The warrants fair value is an IFRS level 3 hierarchy measurement. The total numbers of warrants outstanding on 31 December 2023 is 783.318.

B&S parameters 25 November 2022	
Shareprice (NOK)	5.90
Strike price (NOK)	6.50
Risk-free interest rate	3.31%
Expected life - years	5
Expected dividend (NOK)	0
Volatility	0.23
Warrants fair value (NOK)	**1.38**
Number of warrants issued	783,318
Total warrant fair value at issuance date (NOK)	**1,081,803**
Fair value of warrants allocated to share issuance - transaction costs (NOK)	757,262
Fair value of warrants allocated to convertible debt - transaction costs (NOK)	324,541

4.4 Fair value measurement

ACCOUNTING POLICIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Fair value disclosures

Management has assessed that the fair values of cash and short-term deposits, trade and other receivables, trade payables and other current liabilities as well as borrowing from related parties approximate their carrying amounts largely due to the short-term maturities of these instruments.

4.5 Risk management

Risks related to maritime regulations and changes in policy

The global maritime sector is undergoing a paradigm shift as it aligns with international environmental and sustainability goals. Regulatory bodies, such as the International Maritime Organization (IMO), continue to introduce stricter emission standards, and other regulations, aiming to reduce the industry's environmental footprint. While TECO 2030 remains at the forefront of offering sustainable solutions, abrupt changes in policy or more stringent-thananticipated standards could pose challenges to our product lineup, necessitating further research, development, and adaptation. Moreover, variations in the adoption and enforcement of these regulations across different jurisdictions add a layer of complexity to our operations. We continue to closely monitor these regulatory shifts and engage with industry stakeholders to ensure that our offerings not only comply with but also anticipate and shape the future regulatory landscape.

Risks related to regulations and political risk

The ongoing conflict in Ukraine continues to create uncertainty about the continued development of the world economy and political situation. TECO 2030 has a limited exposure to Ukraine and Russia, and we are therefore not directly affected by the ongoing conflict. However, there are indirect consequences that might arise and adversely affect the company. Such conflicts may affect the availability of raw materials or components as well as their prices. Furthermore, TECO 2030's supply chain may be adversely affected which might cause delays. The company is continuously monitoring these risks and is making strategic decisions to minimize its exposure.

Market risks

TECO 2030 is facing a series of market risks that are both diverse and challenging. The rapidly changing regulatory landscape, shifting customer preferences towards sustainability, and fluctuations in the global economic climate have all had implications for our business model and strategic direction. Furthermore, as the maritime and energy sectors evolve, competitive pressures and technological disruptions emerge as notable threats. In addition, currency exchange rate volatilities and interest rate fluctuations have presented financial market risks, influencing our international operations and financial position.

Supply Chain risks

TECO 2030 has dealt with complex challenges inherent in the modern supply chain environment. The evolving global landscape, marked by pandemic-induced disruptions, shipping bottlenecks, and raw material shortages, has heightened the risks in our supply chain operations. These factors have occasionally influenced our delivery schedules, inventory levels, and overall operational efficiency. As TECO 2030 is deeply committed to advancing sustainable and innovative solutions, we also recognize the increasing importance of sustainability in our supply chain decisions.

Risks related to key personnel, partners 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.

Intellectual property risks

TECO has an irrevocable right to use AVL's background intellectual property. In the future, we may become party to additional licenses that are important for product development and commercialization. If we fail to comply with our obligations under future license and funding agreements, our counterparties may have the right to terminate these agreements, in which event we might not be able to develop, manufacture or market any product or utilize any technology that is covered by these agreements or may face other penalties under the agreements.

Green technologies are emerging technology and involve significant risks and uncertainties

Emerging technologies such as the green technologies TECO 2030 operates within are constantly changing. There are multiple factors which can affect the market. Fluctuations in oil prices will affect our customers return on investment for our low-emission technologies. A negative change in the global economy can affect potential customer willingness to invest in new and costly technologies. The availability of sufficient volumes and price of hydrogen will be decisive for the willingness to invest in such technology. Stricter regulations will increase the pressure and the financial incentives for potential customers to choose new and cleaner technologies.

Our products and services face competition

The markets for energy products, including proton-exchange membrane, or PEM fuel cells, are competitive. We face robust competition, both from incumbent companies and new emerging business interests in various countries. Some of our competitors are much larger than we are and may have the manufacturing, marketing and sales capabilities to complete research, development, and commercialization of products more quickly and effectively than we can.

Foreign exchange risk and interest rate risk

The Company has some exposure towards foreign exchange transaction risk as some of the development expenses, including the purchase of components for the first test systems, are denominated in EURO and USD, whereas the funding throughout the first half of 2023 has been in NOK. The Company will continue to face some foreign exchange transaction risk between especially EURO and NOK going forwards. Through the subsidiary in Miami, the Company 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.

The Company convertible bond loans have fixed interest rates and do not fluctuate throughout the loans lifetime. The Company is, however, directly exposed to changes in interest rates when it comes to interest on payables to suppliers as well as more indirectly through the overall impacts interest rates have on the financial market and access to capital.

Management continuously makes calculation to see how currency fluctuations and interest rate fluctuations positively and negatively affects the company.

Liquidity risk/Financing Risk

TECO 2030 has, through a number of share issues over the last years, successfully raised the funds necessary to continue its ongoing development projects and the corresponding ramp-up of the Company's activities. The complete development program for the fuel cells is still not fully financed. TECO 2030 has tried to raise significant amounts of funds throughout 2023 to secure sufficient cash to complete the development program and to prepare the Company's for automated production. The capital market has proven to be difficult and TECO 2030 has struggeled to raise funds. The Company has followed, and still is following, several pathways 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 securing firm contracts for fuel cells will also affect the Company's need to raise additional external capital.

The table below summarises the maturity profile of the entity's financial liabilities based on contractual undiscounted payments:

As at 31 December 2023	< 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
Borrowings from related parties (Note 4.2)	500,000	-	-	-	500,000
Trade payables (Note 2.5)	-	-	-	-	-
Convertible loans (Note 4.3)	8,036,177	86,645,165	16,793,422	-	111,474,764
Lease liabilities (Note 3.3)	12,843,381	12,838,114	38,476,841	83,029,715	147,188,051
Total contractual undiscounted payments	**21,379,558**	**99,483,279**	**55,270,263**	**83,029,715**	**259,162,815**

As at 31 December 2022	< 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
Borrowings from related parties (Note 4.2)	1,704,180	-	-	-	1,704,180
Trade payables (Note 2.5)	19,246,479	-	-	-	19,246,479
Convertible loans (Note 4.3)	8,230,781	114,065,086	-	-	122,295,868
Lease liabilities (Note 3.3)	9,748,125	10,398,125	34,675,172	94,500,468	149,321,890
Total contractual undiscounted payments	**38,929,566**	**124,463,211**	**34,675,172**	**94,500,468**	**292,568,417**

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 2023 but has established internal guidelines to minimize the risk of such situations occurring. The Company 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.

4.6 Equity and shareholders

	Number of shares authorised and fully paid	Par value per share (NOK)	Carrying amount (NOK)
At 31 December 2021	**140,369,814**	**0.01**	**1,403,698**
Equity issue 14 March 2022	1,608,827	0.01	**16,088**
Equity issue 24 October 2022	1,769,182	0.01	**17,692**
Equity issue 26 October 2022	718,895	0.01	**7,189**
Equity issue 07 November 2022	600,738	0.01	**6,007**
Equity issue 17 November 2022	9,602,768	0.01	**96,028**
Equity issue 29 November 2022	3,841,107	0.01	**38,411**
At 31 December 2022	**158,511,331**	**0.01**	**1,585,113**
Equity issue 12 February 2023	236,667	0,01	**2,367**
Equity issue 1 March 2023	3,843,280	0,01	**38,433**
At 31 December 2023	**162,591,278**	**0,01**	**1,625,913**

In March 2022 the Company raised NOK 6,7 million through a private placement of 1 608 827 shares at an issuance price of 4.166. The share capital increase was registered on 14 March 2022.

In October 2022 the Company announced private placements of 3 088 815 shares at an issuance price of NOK 4.5444, raising NOK 14.0 million. The share capital increase was registered on three separete dates, NOK 17 692 on 24 October, NOK 7 189 on 26 October and NOK 6 007 on 7 November.

In November 2022 the Company announced a private placement of 13 443 875 shares at an issuance price of NOK 5.42 per share. The share capital increase was registered on two separate dates, NOK 96 028 on 17 November and NOK 38 411 on 29 November. The share capital after the November share issuance was NOK 1 585 113 with 158 511 331 shares outstanding with a nominal value per share of NOK 0.01.

In February 2023, four employees excercised in all 236,667 options from the Groups share option scheeme. In March 2023, the Company raised NOK 19.9 million thogugh conversion of parts of the convertible bond loan into equity.

The Company's 20 largest shareholders as of 31 December 2023 are shown in the table below.

Shareholder	# shares	%
TECO GROUP AS*	42,000,000	25,83 %
CLEARSTREAM BANKING S.A.	31,098,503	19,13 %
Citibank, N.A.	16,340,986	10,05 %
Pershing LLC	13,498,841	8,30 %
JAKOB HATTELAND HOLDING AS	7,914,000	4,87 %
Citibank, N.A.	5,733,997	3,53 %
HANSEN EIENDOM OG KONSULT AS	4,334,310	2,67 %
TECO 2030 ASA*	4,074,224	2,51 %
TECO HOLDING AS	3,731,487	2,30 %
SOLVIK HOLDING AS	3,307,348	2,03 %
EQUITOR AS	2,816,371	1,73 %
SIX SIS AG	1,451,659	0,89 %
KUBERA AS	1,304,762	0,80 %
Brown Brothers Harriman & Co.	1,276,187	0,78 %
SOO INVEST AS	1,255,000	0,77 %
Saxo Bank A/S	1,239,932	0,76 %
S25 HOLDING AS	1,100,255	0,68 %
Morgan Stanley & Co. Int. Plc.	1,053,688	0,65 %
MEDIKOM AS	1,018,835	0,63 %
KBC Bank NV	965,646	0,59 %
20 largest shareholders	**145,516,031**	**89,50 %**
Other shareholders	17,065,247	**10,50 %**
Total shareholders	**162,581,278**	**100,00 %**

*TECO 2030 ASA entered into a loan agreement in October 2023 which gives the Company access to borrow up to 20 million shares from its largest shareholder, TECO Group AS. This is an interest free loan which matures 30 June 2024. At maturity, the Company must issue new shares to TECO Group AS similar to the number sold as per the date of issuance. As per 31.12.2023, the Company had borrowed 5 million shares and had approx. 4.1 million of these shares left on the Company's share holding account.

4.7 Cash and cash equivalents

For the purpose of presentation in the Company financial statements, cash and cash equivalents includes cash and bank deposits.

Cash and cash equivalents	**31.12.2023**	**31.12.2022**
Cash and cash equivalents	43,075	42,184,722
Bank deposits	43,075	42,184,722
Total cash and cash equivalents		
Restricted cash included in the deposits above:	731,324	679,906
Withheld tax in relation to employee benefits	-	-
Other	-	-

The Company has a restricted rental deposit of NOK 2 900 000 connected with the lease of office space in Lysaker. The restricted cash deposit is not included as part of cash and cash equivalents.

4.8 Finance Income and finance cost

The Company's finance income and finance costs, including the related class of financial instrument that generated income and costs are presented in the table below:

Finance income and finance costs	Class of financial instrument	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Finance income			
Interest income	Cash and cash equivalents	282,907	304,058
Interest income -Inter company	Loan to intercompany	26,001,950	7,088,071
Interest income - related party	Loan to related parties	-	403,560
Foreign exchange gains	Liabilites and receivables	685,038	358,036
Interest income on sub-lease	Finance lease receivables	1,106,619	1,140,393
Other financial income		-	-
Total finance income		**28,076,514**	**9,294,118**
Finance costs			
Interest expenses - related party	Interest-bearing liabilities	7,066,284	-
Fair value adjustment - conversion rights	Convertible bond loan	639,067	-
Interest expense debt	Other financial liabilities	12,251,002	5,604,623
Interest expense leases	Lease liablities	1,558,501	1,523,374
Foreign exchange loss	Other financial liabilities	637,380	428,411
Foreign exchange loss	Convertible bond loan	436,669	1,512,000
Total finance costs		**22,588,903**	**9,068,408**
Net financial income (expense)		**5,487,610**	**225,709**

Section 5 - Tax

5.1 Taxes

ACCOUNTING POLICIES
Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Similarly, tax related to items recognised in other comprehensive income are also presented in other comprehensive income.

Deferred income tax

Deferred income tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Income tax expense	31.12.2023	31.12.2022
Current income tax expense	-	-
Deferred income tax expense	-	-
Total income tax expense	**-**	-

Current tax	31.12.2023	31.12.2022
Profit before taxes	**-23,781,169**	**-40,492,636**
Permanent differences	375,507	-10,892,508
Change in temporary differences	23,405,662	51,385,144
Tax basis 31.12	**-**	**-**
Current tax 22%		
Current tax in the financial position		

Temporary differences	31.12.2023	31.12.2022
Property, plant and equipment	-1,509,233	-1,326,878
Intangible assets	-1,249,075	-1,704,615
Lease agreements	1,347,631	1,507,145
Accruals	-	-2,383,144
Accumulated loss carried forward	-120,265,329	-94,362,651
Basis for deferred tax liabilities (assets)	**-121,676,006**	**-98,270,143**
Not included in the calculation of deferred tax*	121,676,006	98,270,143
Deferred tax liabilities recognised in balance sheet	-	-

* Until commencement of sale/agreement has reach a profitable level, the Company will not record any deferred tax asset related to its tax loss carried forward and other temporary differences There are no time limitation in Norway for utilisation of historical tax losses.

Reconciliation of income tax expense	31.12.2023	31.12.2022
Profit before taxes	**-23,781,169**	**-27,206,590**
22% of profit before tax	-5,231,857	-5,985,450
22% of permanent differences	82,612	-36,466
Not included in the calculation of deferred tax*	5,149,246	6,021,916
Not included in the calculation of deferred tax	-	-
Recognised income tax expense	-	-

Section 6 - Other disclosures

6.1 Related party transactions

2023

Remuneration to key management	Salary	Pension expense	Other expensed benefits	Total
Tore Enger (CEO)	3,414,838	93,890	457,969	3,966,697
Pål Christian Johnsen (CFO)	1,591,000	93,890	28,927	1,713,817
Tor-Erik Hoftun (CSO)	1,769,298	93,890	365,831	2,229,019
Erling Hoftun (Managing Director TECO 2030 AS)	1,515,994	93,890	195,214	1,805,098
Total other operating expenses	**8,291,130**	**375,560**	**1,047,941**	**9,714,631**

2022

Remuneration to key management	Salary	Pension expense	Other expensed benefits	Total
Tore Enger (CEO)	4,076,353	203,964	394,629	4,674,946
Pål Christian Johnsen (CFO)	1,292,502	200,669	9,392	1,502,563
Tor-Erik Hoftun (CSO)	1,581,733	194,688	183,092	1,959,513
Erling Hoftun (Managing Director TECO 2030 AS)	1,355,771	202,889	157,966	1,716,626
Total other operating expenses	**8,306,359**	**802,210**	**745,079**	**9,853,648**

Tore Enger has a six-month notice period.

Remuneration paid to the board of directors in the Company was NOK 1 166 667 in 2023 out of the total remuneration of NOK 1 400 000. Remuneration paid to the board of directors in 2022 was NOK 1 400 000.

The Company started a share-based compensation program for key managment and other employees in 2021. See note 4.1 for details about the plan and the share-based compensation awarded to key managment. The expenses related to this option scheme for leading employees is included in the above table under "Other expensed benefits".

Profit or loss items

Related parties-Sales of services	Type of service	01.01.2023-31.12.2023	01.01.2022-31.12.2022
Blom Maritime AS [1)]	Consultancy, facilities	289,795	901,122
Blom Maritime AS [1)]	Interest income	-	74,384
Blom Maritime Spolka Z.O.O [1)]	Interest income	-	7,110
Rubber Innovation AS [2)]	Project related work	-	363,090
TECO Chemicals AS [1)]	Facilties	107,890	335,497
TECO Maritime Group AS [1)]	Advisory services	-	-
TECO Maritime Group AS [1)]	Facilities	368,773	335,497
TECO Maritime Group AS [1)]	Reimbursement conference expenses	-	9,344
TECO Maritime Group AS [1)]	Interest income	-	116,943
TECO Solutions AS [1)]	Facilities	399,774	1,243,049
TECO Solutions AS [1)]	Interest income	-	60,450
Total		1,166,232	3,446,486

Related parties - Purchase of services	Type of service	01.01.2023-31.12.2023	01.01.2022-31.12.2022
Blom Maritime AS [1)]	Advisory services	-	349,375
Blom Maritime Inc	Reimbursement of travel expenses	-	13,002
Rubber Innovation Holding AS [2)]	Interest cost	-	-
Total		-	362,377
Total		**1,166,232**	**3,808,863**

Subsidiary - Sales of services	Type of service	01.01.2023-31.12.2023	01.01.2022-31.12.2022
TECO 2030 AS	Interest on receivables	8,137,326	3,321,874
TECO 2030 AS	Development services	-	1,189,256
TECO 2030 AS	Facilities	-	2,245,386
TECO2030 Power Systems AS	Interest on receivables	-	2,785,777
TECO2030 Power Systems AS	Development services	-	-
TECO 2030 Innovation Center AS	Interest on receivables	176,628	83,369
TECO 2030 Innovation Center AS	Development services	-	132,725
TECO 2030 Carbon Capture AS	Development services	-	-154,846
TECO 2030 Future Funnel AS	Interest on receivables	-	670,664
TECO 2030 INC	Interest on receivables	-	139
TECO 2030 Pte Ltd.	Interest on receivables	6,051	16,550
Total		**8,320,005**	**10,290,894**

Subsidiary - Purchase of services	Type of service	01.01.2023-31.12.2023	01.01.2022-31.12.2022
TECO 2030 AS	Costs forwarded	-	-
TECO 2030 AS	Development services	11,362,342	8,694,076
TECO 2030 Innovation Center AS	Development services	9,350,000	3,710,492
TECO 2030 INC	Travel expenses	1,168,351	1,895,539
Total		**21,880,693**	**14,300,107**

Balance sheet items

Subsidiary - Assets	Balance type	31.12.2023	31.12.2022
TECO 2030 AS	Other receivable group companies	134,916,960	92,203,663
TECO 2030 INC	Other receivable group companies	4,297,408	4,754,931
TECO 2030 PTE LTD	Other receivable group companies	-	616,102
TECO2030 Power Systems AS	Other receivable group companies	205,354,959	120,118,915
TECO 2030 Innovation Center AS	Other receivable group companies	10,081,291	4,977,450
TECO 2030 Future Funnel AS	Other receivable group companies	15,231,768	17,189,133
TECO 2030 Carbon Capture AS	Other receivable group companies	85,935	40,139
Total		**369,968,321**	**239,900,333**

Subsidiary - Liabilities	Balance type	31.12.2023	31.12.2022
TECO 2030 AS	Debts	38,713,810	20,561,651
TECO 2030 Innovation Centre	Debts	17,717,296	5,098,996
TECO 2030 Future Funnel AS	Debts	189,876	-
TECO2030 Power Systems AS	Debts	251,324,947	25,983,507
TECO 2030 INC	Payables	6,135,218	-
Total		**314,081,147**	**51,644,154**

Related parties - Assets	Balance type	31.12.2023	31.12.2022
Blom Maritime AS	Trade and other receivables	-	-
Blom Maritime AS	Interest-bearing loans and borrowings	169,021	2,147,053
BLOM Maritime Spolka Z.O.O.	Interest-bearing loans and borrowings	-	307,110
Rubber Innovation AS	Trade and other receivables	-	-
Rubber Innovation AS	Interest-bearing loans and borrowings	-	611,525
Rubber Innovation Holding AS	Trade and other receivables	1,670,815	-
Rubber Innovation Holding AS	Interest-bearing loans and borrowings	-	3,632,840
TECO Chemicals AS	Trade and other receivables	-	84,891
TECO Maritime Group AS	Trade and other receivables	-	-
TECO Maritime Group AS	Interest-bearing loans and borrowings	4,000,000	2,495,289
TECO Solutions AS	Trade and other receivables	-	-
TECO Solutions AS	Interest-bearing loans and borrowings	-	1,740,813
Tore Enger	Interest-bearing loans and borrowings	3,230,000	-
Total		**9,069,836**	**11,019,521**

Interest bearing loan and borrowings to related parties is due in 2024.
Trade receivables to related parties is due as of 31.12.24.

Financial lease receivables includes intercompany and related parties as specified below :

	% of finance lease receivable	NOK non-current finance lease receivables 31.12.2023	NOK current finance lease receivables 31.12.2023
TECO Solutions AS	45%	5,081,986	658,776
Blom Maritime AS	32%	3,613,857	468,463
TECO Maritime Group AS	12%	1,298,730	168,354
TECO Chemicals AS	12%	1,298,730	168,354
Total current and non-current finance lease receivables	100%	11,293,302	1,463,947

1) CEO in TECO 2030 ASA, Tore Enger, is the chairman of the board in TECO Maritime Group AS, Blom Maritime AS, TECO Solutions AS and TECO Chemicals. Blom Maritime Inc, TECO Maritime INC, BLOM Maritime Spolka Z.O.O, and Nordic Made INC are all a part of the TECO Maritime Group.
2) The CEO in TECO 2030 ASA, Tore Enger, is the chairman of the board in Rubber Innovation Holding AS an its fully owned subsidiary Rubber Innovation AS.

6.2 Events after the reporting period

In January 2024, TECO 2030 started its second EU Horizon Project, Zero Emission Adriatic Ship - ZEAS, together with 13 partners from various European Countries. The overall project grant from EU Horizon is approx. EUR 13.5 million, where approx. EUR 2.3 million is reserved to TECO 2030's deliverable of 1.2 megawatts (MW) of fuel cells for full passenger vessel propulsion.

On 16 April, TECO 2030 announced to have signed an agreement with the Indian publicly listed company Advait Infratech Limited to partner up for a partnership relating to a planned fuel cell expansion in India and the SAARC countries. Simultaneously, Advait committed to invest approx. NOK 43 million (USD 4 million) through a private placement in TECO 2030, at a price per share of NOK 2.00. The closing of this private placement is expected to take place during the second half of July 2024.

On 19 June, TECO 2030 announced that the board of directors had approved the conversion of 84% of the bond loan into 41,310,511 shares at NOK 2 per share, increasing the company's total equity by NOK 82.6 million. The conversion amount included accumulated interests. The capital increase was registered in the Norwegian Business Registry on 26 June. Following this capital increase, the Company's new registered share capital is NOK 2,038,917.89 divided into 203,891,789 shares, each with a nominal value of NOK 0.01.

On 25 June, the Company held an Extraordinary General Assembly. As part of the agenda, the board of composition was reduced to three members. Pia Meling, Marit Kirkhusmo and Tim Young left the board whereas the remaining three board memebers continues for two more years. In addition, it was resolved to repay all borrowed shares from the share lending agreement with TECO Group AS (5.946.303 shares) by issuing the same number of shares at a cost equal to par value of NOK 0.01 (NOK 59,463.03).

6.3 Going concern

The Company is still in a ramp up phase, and the company's development programs as well as completion of the factory plant in Narvik is not fully financed. Historically, the Group's projects have been financed with proceeds from private placement on a step-by-step basis. During 2023 and into 2024, the Company has worked on raising new funds in a challenging capital market and the financial situation has been challenging. The Group commenced several cost-cut initiatives as well as entering into payment agreement with certain of its key suppliers, extending payment date into Q4-24 and Q2-25. This prove that the suppliers continue to be supportive about our business and technology.

To improve the balance sheet, amongst others to be able to participate in government grant initiatives, a process against its bondholders commenced in April 2024, and in June 2024 NOK 82.6 million was converted (nominal amount plus accrued interest). Further, in April, the Company succeeded with an agreement for an equity raise of USD 4 million (cash) towards an Indian listed Company, which is expected to be closed in second half of July 2024. The proceeds will partly be used to settle obligations of which no payment agreements are entered into, business development as well as covering operational expenses. The Group will need additional funding in 4th quarter of 2024. Management and Board have initiated several strategic initiatives and based on the progress against certain potential new investors, the Board of Directors is optimistic that sufficient funding to continue its operation, adhere to payment plans entered into with key suppliers as well as complete the development program will succeed. If the Company fails to obtain sufficient funding, this will have adverse impact on development of the Company, the value of assets and shareholder value.

The financial statements are prepared based on the going concern assumption. However, due to current market conditions, there is significant uncertainty about this assumption.

6.4 Investments in subsidiaries

Subsidiaries	Year of acqusition / incorporation	Place of incorporation	Ownership
TECO 2030 AS	2020	Norway	100%
TECO2030 POWER SYSTEMS AS [1)]	2020	Norway	100%
TECO 2030 Innovation Center AS [2)]	2021	Norway	100%
TECO 2030 Future Funnel AS [3)]	2021	Norway	100%
TECO 2030 Carbon Capture AS [4)]	2021	Norway	100%

Subsidiaries held by subsidiaries

TECO 2030 AS	Year of acqusition / incorporation	Place of incorporation	Ownership
TECO 2030 INC	2020	USA	100%
TECO 2030 PTE LTD	2020	Singapore	100%

1) The name of TECO 2030 FUEL CELL AS was changed to TECO2030 POWER SYSTEMS AS on 10 March 2022.
2) TECO 2030 Innovation Center AS was acquired in May 2021.
3) TECO 2030 Future Funnel AS was acquired in October 2021.
4) TECO 2030 Carbon Capture AS was acquired in October 2021.

Responsibility statement

We confirm, to the best of our knowledge, that:

- the financial statements for 2023 have been prepared in accordance with IFRS as adopted by the EU as well as additional information requirements in accordance with the Norwegian Accounting Act.
- the financial statements for 2023 give a true and fair view of the assets, liabilities, financial position and profit as a whole as of December 31, 2023 or the group as a whole.
- the report from the Board of Directors gives a true and fair view of the development, performance and financial position of the parent company and the group as a whole and includes a description of the principal risks and uncertainties.

Oslo, July 16th, 2024

Sigurd Gaarder Lange
Chairman of the Board

Birgit Marie Liodden
Member of the Board

John Herman Marcussen
Member of the Board

Tore Enger
Chief Executive Officer

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Statsautoriserte revisorer
Ernst & Young AS

Stortorvet 7, 0155 Oslo
Postboks 1156 Sentrum, 0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of TECO 2030 ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of TECO 20230 ASA (the Company), which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries ("the Group"). The financial statements of the Company and the Group comprise the financial position as at 31 December 2023, and the statements of comprehensive income, cash flows and changes in equity for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company and the Group as at 31 December 2023 and their financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1.3 and note 6.3 in the financial statements of the Group and the Company, and in the Board of Directors Report where it is stated that the Group is experiencing a pressured liquidity situation, and the basis for continuing as a going concern is contingent upon new equity funding. The financial statements does not reflect any impairment charges that would occur if sufficient funding is not obtained. These events indicate that a material uncertainty exist that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other matters

The financial statements were approved by the Board of Directors subsequent to the statutory deadline in Norway.

Further the Company did not have sufficient funding to cover employee withholding tax deposit accounts as required by the Tax Payment Act section 5-12.

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Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and chief executive officer) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that the information required by applicable legal requirements is not included in the board of directors' report or the statement on corporate social responsibility, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report and the statements on corporate governance and corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding financial information of the entities or business activities withing the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, 16 July 2024
ERNST & YOUNG AS

The auditor's report is signed electronically

Jon-Michael Grefsrød
State Authorised Public Accountant (Norway)

Corporate governance

1 - Report on corporate governance:

In order to secure sound and sustainable corporate governance, it is important that the Company ensures good and healthy business practices, reliable financial reporting, and an environment of compliance with applicable legislation and regulations across the Group structure.

This review is based on the Norwegian Code of Practice for Corporate Governance dated 17 October 2018 (the "Code"), which is available here: www.nues.no. In accordance with the Code and the Accounting Act, the Company will annually report on its compliance with corporate governance requirements and recommendations.

The Code is based on a "comply or explain principle", meaning that listed companies must comply with the Code or explain why they have chosen to deviate from the recommendations set out in the Code. While the Company is listed on Euronext Growth Oslo, the company is obliged to report according to the Norwegian Code of Practice for Corporate Governance to strengthen confidence in listed companies and thereby promote value creation over time for the benefit of stakeholders.

Furthermore, a description of the most important corporate governance principles of the Company shall be made available on the Company's website. By publishing an overview of all aspects of the Company's corporate governance policy, shareholders, employees, and other stakeholders are more equipped to evaluate the extent to which the Company follows principles of good corporate governance.

2 - Business:

The Company's operations shall comply with the business objectives set forth in the Company's articles of association, which together with other core objectives and strategies of the Group. The board of directors has defined objectives, strategies and risk profiles for the Company's business activities as an effort to create value for its shareholders. These objectives, strategies and risk profiles shall be evaluated annually. The Company's business objective reads as follows: "To develop, sell and distribute technology and products which is intended to reduce energy use and negative effect on the environment, including to participate in companies with the same objectives".

3 – Equity and dividends:

The company's registered share capital as of 31 December 2023 consisted of 162,581,278 shares with a par value of NOK 0.01 per share.

The Company will strive to follow a dividend policy favorable to the shareholders. The amount of any dividend to be distributed will depend on, inter alia, the Company's investment requirements and rate of growth. As per end of 2023, the Company is in a growth phase and will most likely not be in a position to pay dividends in the foreseeable future.

4 – Equal treatment of shareholders and transactions with close associates:

The company has one class of shares. Each share in the Company carries one vote and all shares carry equal rights, including the right to participate in general meetings and the right to dividend. All shareholders shall be treated on an equal basis.

Transactions between the Company and its shareholders, a shareholder's parent company, members of the board of directors, executive management or close associates to any such party that are deemed material under the Norwegian Public Limited Liability Companies Act, are subject to approval by the general meeting. Furthermore, the board of directors is required to arrange for an independent auditor valuation of the transaction. Pursuant to the Code, independent third-party valuations shall also be procured for (i) transactions with shareholders and other close associates that are deemed non-immaterial to either party involved (i.e., transactions that are below the materiality threshold set out in the Norwegian Public Limited Liability Companies Act, but still not deemed immaterial), and (ii) transactions between companies within the Group if any of the companies involved have minority shareholders. In such cases, the third party does not necessarily have to be an independent auditor.

All material transactions with shareholders and other close associates, as described in the paragraph above, shall be publicly announced without delay after conclusion of the agreement.

5 – Shares and negotiability:

The shares of the Company are freely transferable and there are no limitations on any party's ability to own or vote for shares in the Company.

6 – General meetings:

Shareholders can exercise their rights at general meetings, and the company wants general meetings to be a meeting place for shareholders and the board of directors. The company will seek to enable as many shareholders as possible to participate in general meetings. Meeting documents will be published on the company's website no later than 14 days before a general meeting. The company endeavors to ensure that meeting documents are sufficiently detailed to enable shareholders to take a view on all matters to be considered. The deadline for notifying attendance at a general meeting is set as close to the meeting as possible.

Shareholders who are unable to participate themselves may vote by proxy. The proxy form will be designed so that it can be used to vote on all matters up for consideration, and on candidates for election.

The company will encourage board members and nomination committee to attend general meetings. The external auditors are also invited to attend.

In accordance with the articles of association, general meetings are chaired by the board chair if no-one else is elected to do so. Minutes of general meetings are published in the form of stock exchange notifications and on the company's website.

7 – Nomination Committee:

The Company shall have a nomination committee, cf. the Company's articles of association section 8. The general meeting elects the members, including the chair, of the nomination committee and determines their remuneration.

The objectives, responsibilities and functions of the nomination committee shall be in compliance with rules and standards applicable to the Company, which are described in the Company's "Instructions for the Nomination Committee" adopted by the extraordinary general meeting in September 2020. The Company shall ensure that shareholders have information about the composition of the nomination committee and deadlines for submitting proposals to the nomination committee.

Nomination Committee members are elected for a one-year term. At an extraordinary general meeting in September 2020 the following persons were elected to the nomination committee and serve until the 2022 annual general meeting:

- Marius Blom, chair
- Birgit Liodden, member

The nomination committee shall be independent from the Company's board of directors and executive management. No more than one member of the nomination committee shall also be a member of the board of directors, and any such member should not offer him- or herself for re-election to the board of directors. Neither the CEO, nor any other member of the executive management, shall also be members of the nomination committee.

8 – Board of Directors: composition and independence:

The composition of the board of directors should ensure that the board of directors has the expertise, capacity and diversity needed to achieve the Company's goals, handle its main challenges and promote the common interests of all shareholders.

Each board member should have **sufficient time** available to devote to his or her appointment as a board member. The number of board members should be decided on this basis, but the board of directors must in any event consist of **minimum three board members**. The members of the board of directors shall be willing and able to work as a team, thereby enabling the board of directors to work efficiently as a **collegiate body**.

All members of the board of directors, including whom shall be positioned as the chair, shall be elected by the Company's general meeting. The term of office for the respective board members shall not be longer than two years at a time. Members of the board of directors may be re-elected. The re-election of the members of the board of directors should be phased, to prevent that the entire board of directors is replaced at once.

At the extraordinary general meeting in September 2020 the following members for the Board of Directors were elected:

- Sigurd Lange, chair (Elected September 2020)
- Pia Meling, member (Elected September 2020)
- Birgit Liodden, member (Elected September 2020)
- Marit Kirkhusmo, member (Elected September 2020)
- Herman Marcussen, member (Elected September 2020)
- Tim Young member (Elected December 2022)

The shareholdings of directors and senior management are outlined in note 6.1.

Neither the CEO, nor any member of the Company's executive management, shall also be a member of the board of directors.

9 – The work of the Board of Directors:

The board of directors shall produce an annual plan for its own work, with particular focus on objectives, strategy and implementation. The board of directors shall implement instructions for its own work and the work of the executive management, focusing on determining allocation of internal responsibilities and duties. The objectives, responsibilities and functions of the board of directors and the CEO shall be in compliance with rules and standards applicable to the Company, which are described in the Company's "Instructions for the Board of Directors".

Members of the board of directors and executive management cannot consider matters in which they have a special and prominent interest. Each board member shall ensure that the board of directors and executive management are aware of any material interests that they may have in matters to be considered by the board of directors, so that these can be considered on an unbiased and satisfactory manner.

10 – Risk management and internal controls:

The board of directors shall annually review the Company's most important areas of risk exposure and the internal control arrangement in place for such areas. The review shall pay attention to any material shortcomings or weaknesses in the Company's internal control and how risks are being managed.

Risk management and internal controls are important to TECO 2030. They enable the company to achieve its strategic objectives, and are an integral part of management decision-making processes, the organizational structure, and internal procedures and systems. Board meetings shall be held frequently, and management reports shall be provided to the board of directors as a minimum on a monthly basis. Financial performance shall be reported on a quarterly basis.

11 – Remuneration of the Board of Directors:

The remuneration of the board of directors is determined by the shareholders at the Company's annual general meeting based on the proposal from the nomination committee.

The remuneration of the board of directors shall reflect:

- the board of directors' **responsibility** and **expertise**;
- the **complexity** of the Company and its business; and
- the **time spent** and the **level of activity** performed in the board of directors and any board committee that members of the board of directors participate in.

The remuneration and share options to the board of directors shall not be linked to the Company's performance. The remuneration to the board of directors shall be such that their independence is protected.

Members of the board of directors, or companies associated with a board member, shall not engage in specific assignments for the Company in addition to their appointment as members of the board of directors. If a board member nonetheless takes on any such assignment, the entire board of directors must be informed, and the fees shall be approved by the board of directors.

The annual report shall provide details of all elements of the remuneration and benefits of each member of the board of directors. This includes a specification of any consideration paid to members of the board of directors in addition to their ordinary board remuneration.

12 – Remuneration of executive personnel:

The Company's guidelines for determining remunerations to the CEO and other member of the executive management as set out in the "Instructions for the Remuneration Committee" should at all times support prevailing strategy and values in the Company. These guidelines shall be communicated to the annual general meeting and include the main principles for the Company's remuneration policy as well as contribute to align the interests of the shareholders and executive management.

The salary and remuneration of the CEO is determined by the board of directors in a board meeting. Based on the guidelines communicated to the annual general meeting and the recommendations of the remuneration committee, the board of directors shall produce a statement in the Company's report on corporate governance on how the salary and remuneration of the Company's CEO is determined in addition to the remuneration strategy for the executive management, as well as provide an account of the Company's remuneration policy the previous financial year. This statement shall be considered by the Company's annual general meeting before a final resolution regarding remuneration is made by the board of directors.

13 – Information and communication:

The board of directors shall establish guidelines for its reporting of financial and other information based on transparency and taking into account the rules on good stock exchange practice and the general requirement of equal treatment in the securities market. The Company is obliged to continually provide its shareholders, Oslo Børs and the securities and financial market in general with timely and precise information about the Company and its operations. This information shall be published in accordance with Oslo Børs' information system.

Relevant information will be given in the form of annual reports, half-year reports, quarterly reports, press releases, notices to the stock exchange and through published investor presentations in accordance with what is deemed appropriate and required at any given time. Such information shall be published through Oslo Børs' information system and/or be published on the Company's website.

The insider lists are maintained by the CFO, and separate guidelines have been drawn up for handling of inside information.

In addition to the board of directors' dialogue with the Company's shareholders at the general meetings, the board of directors shall make suitable arrangements for shareholders to communicate with the Company at other times. This will enable the board of directors to develop an understanding of which matters regarding the Company that are of a particular concern or interest to its shareholders. Communication with the shareholders shall always be in compliance with the provisions of applicable laws and regulations and in accordance with the principle of equal treatment of shareholders.

14 – Take-overs:

The board of directors shall have established the main principles for its actions in the event of a takeover offer. In a takeover process, the board of directors and the executive management each have independent responsibilities to ensure that the Company's shareholders are treated equally and that there are no unnecessary interruptions to the Company's business activities. The board of directors has a particular responsibility to ensure that the shareholders are given sufficient information and time to assess the offer.

15 – Auditor:

The Company's auditor shall annually present the main features of the plan for the audit of the Company to the board of directors. The auditor shall participate in meeting(s) of the board of directors where any of the following topics are on the agenda: the annual accounts, accounting principles, assessment of any important accounting estimates and other matters of importance where there have been disagreement between the auditor and the Company's executive management. The auditor shall at least once a year present to the board of directors a review of the Company's internal control procedures, including identification of weaknesses and proposals for improvement.

The board of directors shall specify the executive management's right to use the auditor for other purposes than auditing.

Sustainability

Sustainability is the core of our business operations and is encountered in everything we do. Through 2022 we have made significant progress on our business operations and aim to progress with further implementations of key performance indicators in development of our standards of sustainability reporting. For the fiscal year of 2022, we have engaged external advisors to assist us with our reporting. This will allow us to excel with high-quality ESG-reporting standards from the very beginning of the company's history and enhance our future ESG-reports as the ground foundation is built.

Together with our external advisors, we aim to provide you with a sustainability report that we can build a sustainable company's future on. The report is inspired by and follow the pillars of the World Economic Forum's IBC common metrics. In addition, the report has been supplemented with other standards where relevant, such as the recommendation from Task Force on Climate Related Financial Disclosures (TCFD), the GRI Standards and the Euronext guidance on ESG reporting.

For further details on our ESG-reporting, please see the separate report on our webpage: https://teco2030.no/sustainability/.

Members of the Board

Sigurd Gaarder Lange
Chairman

Mr. Lange joined the TECO Group of Companies in 2000 and became a partner in TECO Group from 2005. Lange has held various positions, such as CEO, CFO and board member, in TECO Group controlled companies.

Among these several stock listed companies in Norway and Canada, such as Davie Shipyard Inc and Scanship Holding ASA (Vow ASA today). He also served as CFO and Director for a major Nordic importer and producer of alcoholic beverages in Norway, Sweden and Finland, CASK/ Moestue. He has from 2018 held the position as TECO Group COO, and from July 2019 the position as Group CEO for the marine solution provider TECO Maritime Group AS. Mr. Lange holds a business degree from BI Norwegian Business School, Oslo.

Birgit Marie Liodden
Board Member

Birgit Marie Liodden joined the Company as member of the Board of Directors in early September 2020. For the past 15 years, Liodden has promoted the next generation, diversity, sustainability and the need for change across the maritime industry.

Liodden is one of the most profiled young shipping female executives globally. She holds executive board roles in The Norwegian Society for Sea Rescue, The Factory, Greenstat and Bellona Foundation. She is the Founder & CEO of The Ocean Opprtunity Lab. Her maritime background involves five years in Wilh. Wilhelmsen head office, Project Manager Global Systems & Processes, 4.5 years as an entrepreneur working with Nor-Shipping, OECD, Wilh. Maritime and Sea Trucks Nigeria. This includes Director of Nor-Shipping, Founder & SG of YoungShip International, Director of Sustainability, Ocean Industries & Communication at Oslo Business Region, and Project Manager for Oslo European Green Capital's cross-industry Business program. She has received plural awards & rankings for her leadership in Norway and abroad. In 2012 Liodden was awarded Shipping Name of The Year in Norway and she was a finalist for World Economic Forum's Young Global Leaders in 2018.

Herman Marcussen
Board Member

Herman Marcussen joined the Company as member of the Board of Directors in September 2020. Mr. Marcussen has more than 30 years experience in the shipping industry and is presently working with SeaLeague AS, where he is a partner and member of the board.

Mr. Marcussen has a wide experience from shipping finance, secondhand and newbuilding transactions as well as corporate transactions. He has previously been a partner and board member with P.F.Bassoe AS / Pareto for several years. Furthermore, Mr. Marcussen has been a board member of Scanship ASA. Mr. Marcussen has a business degree from Oslo Business School / BI.

Management

Tore Enger
Chief Executive Officer

Tore Enger, born in 1963, founded TECO Group in 1994. Mr. Enger is a true entrepreneur and has initiated a number of products and services for the maritime Industry throughout the past 25 years. He has an extensive network in the industry and is thus crucial for TECO 2030's access to shipowners. Mr. Enger was also the Chairman and major shareholder of Scanship Holding ASA (now Vow ASA), which is listed on the Oslo Stock Exchange, for approximately 10 years (2008 – 2017).

Pål Christian Johnsen
Chief Financial Officer

Pål Christian Johnsen holds a Master of Finance and Accounting from The Flinders University of South Australia. He has previously worked for TECO Group in various projects from 2006 to 2010 in addition to, amongst others, Økokrim (Special Investigator) and AS Naturbetong (CFO), before rejoining TECO Group in October 2018.

Bettina Nowak
Chief Executive Officer, USA

Bettina Nowak is an Austrian citizen who has lived in the US since 2000. She holds a Degree in Hotel Management from Austria and has been working in the hospitality industry in Europe and the US until 2004, when she started working in the cruise industry. In 2007, Ms. Nowak entered the position as Managing Director for Scanship Americas, a position she held for 11 years until she joined TECO as CEO of TECO 2030 Inc. in Miami in 2018.

Tor-Erik Hoftun
CSO

Tor-Erik Hoftun holds a Bachelor's degree in Nautical Studies from Vestfold University College, Arctic Specialization University of Norway (UIT) and The University Centre Svalbard (UNIS). He worked as Project Engineer and Project Development Manager at Scanship AS with focus on waste handling and water purification. Mr. Hoftun joined TECO Group in March 2018 and has been an important part of the development team of TECO 2030.

Erling Hoftun
Managing Director, TECO 2030 AS

Erling Hoftun has extensive experience with Green Maritime Technologies, among 19 years of project management and sales and marketing experience within Scanship ASA. Mr. Hoftun also has several years of projects within offshore activities. Mr. Hoftun is responsible for building the organisation in Narvik and Lysaker and for the daily operations. He joined TECO 2030 in January 2021.

Lysaker Torg 45, 1366 Lysaker, Norway
post@teco2030.no
www.teco2030.no