



Financial Report H1 2023



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In brief

TECO 2030 accelerates the maritime industry to reduce its emissions

TECO 2030 is playing a vital role in accelerating the transition towards environmentally responsible practices within the maritime industry, with a focus on reducing harmful emissions. Recognizing the necessity to mitigate the environmental and climate impacts of international shipping, the company has committed itself to delivering technological innovations to aid shipowners in lessening their emissions. This supports a broader movement towards sustainable and green operations within the maritime and heavy-duty industries.

A cornerstone of TECO 2030's strategy is the development of hydrogen fuel cells for ships and other heavy-duty applications. Recognized as the engines of the future, fuel cells convert hydrogen into electricity, emitting only water vapor and warm air, thereby presenting an environmentally friendly alternative to conventional fuels.

By implementing hydrogen fuel cells in ships and other large-scale applications, TECO 2030 aims to substantially reduce, if not entirely eliminate, their greenhouse gas emissions. This aligns with the company's strong conviction that hydrogen will be instrumental in the fight against climate change, and that hydrogen fuel cells will be crucial in diminishing greenhouse gas emissions within the shipping industry.

In addition to TECO 2030's work on hydrogen fuel cells, the company is committed to providing cleantech solutions for the shipping industry. While TECO 2030 recognizes that the complete phasing out of vessels reliant on fossil fuels may take decades, we are actively addressing this issue. According to a report by the American Bureau of Shipping (ABS) from April 2020, nearly half of all ships are expected to still depend on conventional fuels by 2050.

To tackle this challenge, TECO 2030 is innovatively developing technologies to enable ships utilizing fossil fuels to reduce their emissions. Among these technologies are exhaust gas cleaning systems.

29 years of experience in maritime technology

TECO 2030, established in the autumn of 2019, has its origins in the TECO Maritime Group, an entity that has been providing technological solutions and repair services to the international shipping industry since 1994.

The headquarters of TECO 2030 is located in Lysaker, outside of Oslo, and the company made its debut on the Euronext Growth market of the Oslo Stock Exchange in October 2020, trading under the ticker symbol "TECO." As of June 30th, 2023, TECO 2030 employs a dedicated staff of 52 individuals.





Letter from the CEO

As we close the first half of 2023, I am pleased to reflect on the progresses TECO 2030 has made and share our vision for the short-term future. Our commitment to shaping a sustainable maritime future remains at the forefront of our endeavors, and the developments in the past six months serve as a testament to our dedication.

Through the first six months of 2023, we have made good progress on several aspects including corporate and operational developments and boosted both existing and new partnerships with players in every level of the hydrogen value chain.

Let us start with the greatest achievement first: in May we officially opened our manual stacking production at the TECO 2030 Innovation Center in Narvik, Norway. And just a few days later, we announced that we had completed the first locally built 100kW fuel cell stack at our own premises. This achievement signifies a fresh chapter for our organization.

Adding to the first-ever Narvik built fuel cell stacks, we started working on the Horizon Europe funded HyEkoTank project, the world's largest hydrogen fuel cell retrofit project. This project is now well underway, and the end goal is to install 2.4MW of fuel cells onboard a 20-year-old bitumen carrier for zero emission operations. We also completed a new feasibility study with AVL, where we looked into industrializing a heavy-duty truck fuel cell module. The goal is to utilize the current infrastructure developed for the 100kW fuel cell stacks and FCM400 module. Further strengthening our position as a leading fuel cell provider

in the heavy-duty segments and be a strong contributor to reaching the EU's decarbonization- and climate goals in the years leading up to and beyond 2030.

During the first half of 2023, we have continued the work on various financing pathways in a challenging financial market to secure ongoing operations at full speed. We unlocked NOK 40 million of the NOK 50 million granted by Innovation Norway in October 2021. In April we closed a modest financing round in the second tranche of our convertible bond issuance, by raising a further NOK 12 million. Further, we secured an additional approx. NOK 30 million from other funding schemes as well as ongoing customer projects.

The interest in renewable energy sources around the world is increasing, and our team has issued fuel cell quotes during the first half of 2023 for over half a billion euros spanning across 52 unique projects! Accumulated through 2021, 2022 and first half of 2023, the pipeline for quotes exceeds 1 billion euro.

Together with the team, we are continuously working on strategies and pathways related to projects, industrialization, and fuel cell development to deliver high-quality, cutting-edge technology to our valued customers and partners. Till date partners are satisfied with all the work the team has laid out to provide the most energy efficient and compact system tailored for their applications and are eagerly waiting for the first FCM400 module to enter the test bench at AVL's facility.



I am confident that the foundation the team has built over the past six months, and prior, will show tremendous outcomes in the years to come. The remainder of 2023 is looking bright in terms of securing new potential projects, tradeshows, conferences, and product development. The first FCM400 module will enter the testbench at AVL's facility in Graz very soon, this will be a huge milestone we all have been waiting for!

I would like to extend my heartfelt appreciation to our team, whose unwavering dedication and passion drive our achievements. To our shareholders, your faith in our mission and your continued support have been instrumental in our journey. And to our partners and clients, thank you for believing in our solutions and choosing a greener future.

The challenges of the maritime industry are vast, but with our collective efforts, a sustainable future is not just a vision but an attainable reality. As we forge ahead, I am confident that TECO 2030 will continue to redefine sustainability.

Lysaker, Norway, September 1, 2023

Tore Enger
Chief Executive Officer of TECO 2030 ASA

Main operational highlights in H1 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 (FCM 400) 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

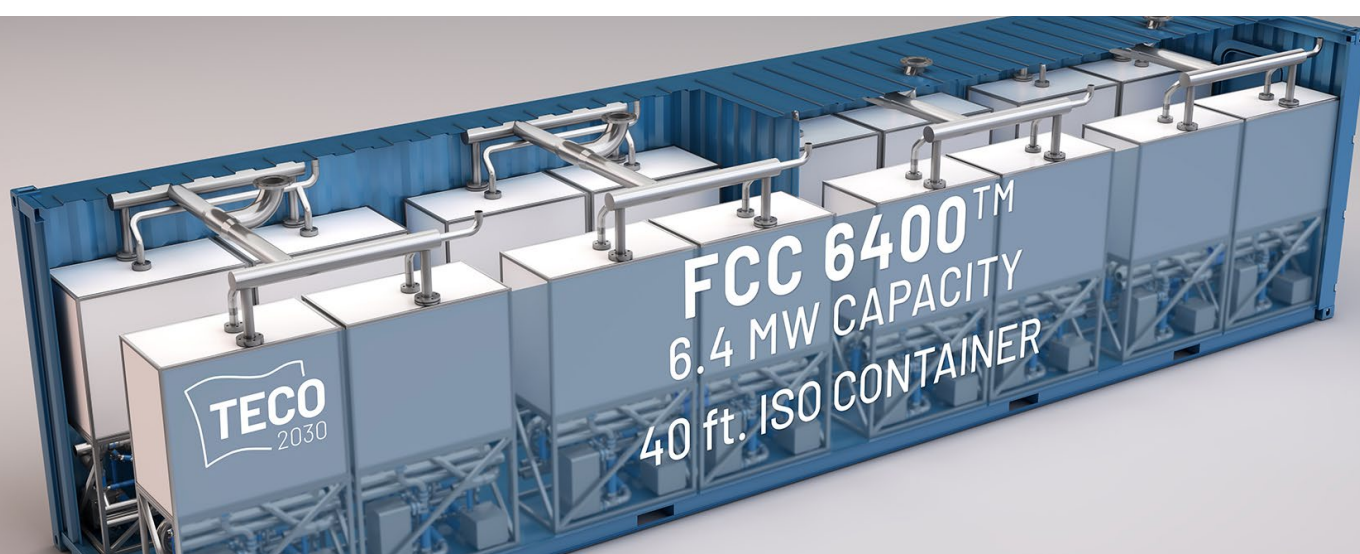
During June TECO 2030 and Skeleton Technologies entered into a strategic partnership to boost zero-emission technologies. As a first step, Skeleton's SuperBattery shall be integrated with TECO 2030's fuel cell modules in the HyEkoTank project. Skeleton Technologies and TECO 2030 will then aim to develop 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.

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 Fuel Cell

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 emission-free, 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 emissions-free.

The TECO 2030 Fuel Cell is delivered in modules, each 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.

Fuel Cell Factory TECO 2030 Innovation Center



The TECO 2030 Fuel Cell systems will be produced at TECO 2030's Innovation Center 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 manual fuel cell production while getting the facility ready for the installation of the thyssenkrupp

equipment in late 2024. Towards the installation of the thyssenkrupp equipment, manual stack production, and soon also manual assembly of FCM 400 modules, will be scaled up in order to build necessary inhouse competence, experience and, importantly, to serve ongoing projects.

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 small-scale 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. As of 30 June 2023, TECO 2030 Innovation Center had 17 full time employees.



TECO 2030 Future Funnel

Exhaust gas cleaning systems is another available solution which reduces pollution from ships. The TECO 2030 Future Funnel is a next-generation exhaust gas cleaning system that has been developed to enable ships to comply with upcoming and stricter environmental emission regulations.

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

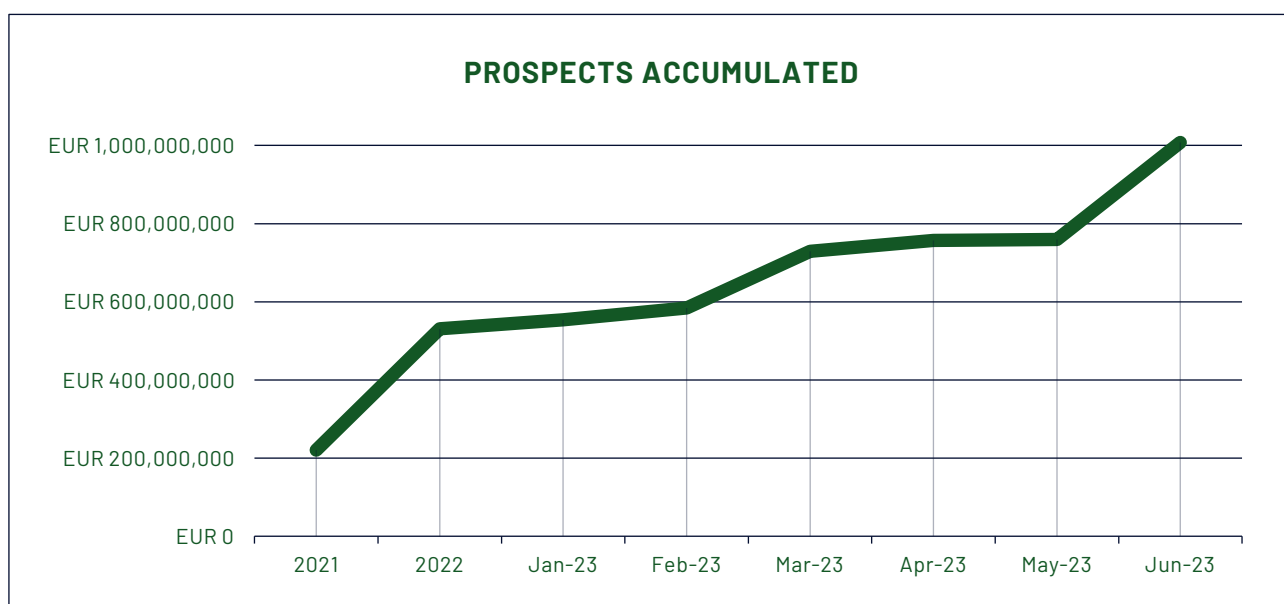
The TECO 2030 Future Funnel (De- SO_x) has been developed by TECO 2030 in cooperation with the Austrian development company AVL. AVL holds one of Europe's most advanced R&D testing facilities and has tested the Future Funnel design through its state-of-the-art simulation system. This has been done by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



Corporate & finance

TECO 2030 is a young group of altogether eight companies committed to the development of its fuel cell systems for maritime and other heavy-duty industries in addition to ramping up the organization to ensure readiness for high volume production. As stated in the CEO-letter, we have currently active quotes to shipowners, shipyards, and various land-based companies of more than 1 billion euro, and the interest is increasing quarter by quarter from all around the world. A very important milestone for TECO 2030 is now to turn as many of these quotes as possible into

firm contracts. Securing firm contracts will not necessarily lead to an immediate improvement of the group's financial results as income in most cases will be recognized upon delivery of systems, however, they will contribute with an immediate incoming cash flow and thus reduce the need for additional funding. From the company's perspective, we are confident that we are getting closer to the next phase day by day, and we believe that the second half of 2023 could become very interesting.



Disclaimer:

The graphs indicated the development of the company's Fuel Cell Request For Quotations (RFQ) and general market developments.

Project value and scope are subject to change, dependent on finalized scope.

During the significant development process leading to our fuel cell systems, TECO 2030 has secured necessary funds via various sources such as bond loan, private placements, grants from public agencies (EU, Innovation Norway, etc.). Following the first half of 2023, the company is working on several options to secure the next round of funding and we are confident that this will be secured during Q3 and Q4

despite the currently rather weak sentiment in the financial markets. There is a considerable interest for sustainable green technologies, both among customers and investors as the world is approaching stricter regulations and many regions around the world are facing the consequences of climate changes on a daily basis.

Statement of comprehensive income

Total sales revenue during the first six months reached NOK 8.1 million, an increase from NOK 5.4 for the same period the previous year. The majority of the revenue is from the sale of a future funnel system. In addition, a portion of the NOK 40 million received from the Innovation Norway-grant during the first half years is recognized as income.

The group's other operating expenses increased by NOK 7.4 million compared to 1H 2022 resulting in other operating expenses of NOK 23.2 million. The increase in other operating expenses is primarily a result of the ongoing ramp-up process, including growth in the number of employees, as well as the continued establishment of the production facility in Narvik. The cost of goods sold of NOK 6.3 million is related to the future funnel as well as the finalization of a ballast water treatment system sold in 2022.

EBITDA for the period was negative by NOK 37.7 million, which represents an increase of NOK 8.8 million compared to 1H 2022 and in line with management's expectations. The group is channeling substantial resources into the development of its fuel cell module.

Net financial expenses have increased by NOK 10.8 million compared to 1H 2022. In June 2022, TECO 2030 issued a convertible bond loan with 8% annual interest rate. The outstanding amount as per 30 June 2023, was approx. NOK 94 million and the financial expenses mainly relates to interest expenses. Further, some losses on foreign exchange differences and leasing expenses makes up the remaining part of financial expenses. The cash effect of the financial expenses is NOK 7.1 million as the remaining expenses are adjustments done in accordance with accounting policies following IFRS. Specifically related to leasing and the convertible bond.

Total loss for the period was NOK 56.5 million, compared to NOK 36,6 million in 1H 2022.

Statement of financial position

The group's total assets have increased by NOK 84.6 million over the last six months to NOK 441 million. The single largest item is intangible assets by NOK 234.4 million, an increase since the year end of NOK 85.2 million. Intangible assets contain the group's capitalized development expenses where the vast majority is related to the development of fuel cells. An increase of NOK 85.2 million over six months provides a clear indication of how much resources TECO 2030 is deploying to this development project.

In addition to intangible assets, both inventories and other current assets point out as items with significant increases over the last six months. Inventories have increased by NOK 19.5 million since year-end and is related to ongoing fuel cell projects and the purchase of components for the first 10 pilot units. Further, the purchase of components has partly been made as pre-payments to suppliers and thus contributing significantly to the increase in Other current assets of NOK 44 million.

The group's total equity as per 30 June 2023 was NOK 49,6 million. This represents a reduction of NOK 52.5 million since the end of 2022 and is primarily the consequence of the loss over the first six months.

Other non-current liabilities increased by NOK 42.4 million compared to year end 2022. This balance sheet item partly contains prepayments from customers related to ongoing fuel cell projects.

Total current liabilities as per 30 June 2023 were NOK 149.3 million. This is an increase of NOK 101.6 million since December 2022 and is primarily related to Trade and other payables which includes significant purchases of components and third-party development services towards the end of the second quarter. A large part of this is related to parts for the first prototypes to be built and assembled during the second half of 2023.

Statement of cash flows

Net cash flow from operating activities was NOK - 34,8 million and is mainly a result of the loss for the period. This represents an increase of NOK 17.8 million compared to the same period in 2022.

Net cash flow from investing activities was NOK -57.4 million and is very comparable to the first six months of 2022. The by far largest investments are related to development expenditures (NOK 57.2 million), a slight increase of NOK 4.3 million from the similar period last year.

Cash flow from financing activities was NOK 47.9 million. The main sources from financing activities relates to proceeds from public funding (NOK 43.3 mill from Innovation Norway and EU) and another tranche in the convertible bond loan

(NOK 12 million). TECO 2030 still has NOK 10 million left from Innovation Norway, payable following a successful end report which is expected to be submitted during Q4 2023. The group will also receive more funds related to the HyEkoTank-project supported by EU and Shell during Q3.

TECO 2030's cash and cash equivalents at the end of the period was NOK 2.9 million. The group needs to improve its cash position during Q3 and Q4 and is currently working on various plans in this respect. TECO 2030 has since incorporation showed its ability to raise funds as the company has moved forward. Having reached the stage where the first systems are under construction and soon ready to be tested in AVL's test bench represents important milestones which leaves the group in a stronger position compared to before.



Risk factors

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-than-anticipated 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.

Geopolitical 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

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.

Liquidity 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. The Group is working on several paths in order to secure the remaining funding needs until the Group is financially self-sustaining from sales. Hence, there is a liquidity risk related to TECO 2030's ability to complete the ongoing developments. TECO 2030's success in selling future funnels as well as entering into firm contracts for fuel cells will also affect the Group's need to raise additional external capital.

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.



TECO 2030

Statements of Comprehensive Income

Amounts in NOK	Notes	01.01.2023 – 30.06.2023	01.01.2022 – 31.06.2022
Revenue from contracts with customers		5,385,739	4,518,448
Other income		2,680,761	849,598
Total income		8,066,500	5,368,046
Costs of goods sold		-6,336,132	-3,640,398
Personnel expenses		-16,225,625	-14,742,520
Other operating expenses		-23,216,578	-15,854,260
EBITDA		-37,711,835	-28,869,132
Depreciation and amortisation		-6,239,447	-5,770,329
Total operating expenses		-52,017,782	-40,007,508
Operating profit (loss)		-43,951,282	-34,639,462
Finance income		1,697,912	1,086,528
Finance cost		-14,196,132	-2,767,858
Net financial income (expense)		-12,498,221	-1,681,330
Profit (loss) before tax		-56,449,503	-36,320,792
Income tax expense		-	-
Profit (loss) for the year		-56,449,503	-36,320,792
<i>Other comprehensive income:</i>			
Items that may be reclassified to profit or loss		-95,609	-306,736
Total other comprehensive income for the period		-95,609	-306,736
Comprehensive income for the year		-56,545,111	-36,627,528
<i>Earnings per share</i>			
Basic EPS, profit (loss) for the year attributable to ordinary equity holders		-0.35	-0.26
Diluted EPS, profit (loss) for the year attributable to ordinary equity holders		-0.35	-0.26

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

TECO 2030

Statements of Financial Position

Amounts in NOK	Notes	30.06.2023	31.12.2022
ASSETS			
Non-current assets			
Property, plant and equipment		2,926,360	1,803,266
Intangible assets	4	234,395,189	149,210,176
Goodwill	4	2,763,028	2,613,441
Restricted deposits		2,900,000	2,900,000
Right-of-use assets		95,065,410	95,568,483
Finance lease receivables		11,827,446	13,879,540
Other non-current assets		636,364	818,182
Total non-current assets		350,513,797	266,793,088
Current assets			
Trade and other receivables		9,404,063	27,966,816
Inventories		26,500,680	6,974,417
Other current assets		50,040,780	5,990,805
Current financial lease receivables		1,640,533	1,531,475
Cash and cash equivalents		2,879,521	47,151,358
Total current assets		90,465,576	89,614,870
TOTAL ASSETS		440,979,373	356,407,957

Amounts in NOK	Notes	30.06.2023	31.12.2022
EQUITY AND LIABILITIES			
Equity			
Share capital	2	1,625,813	1,585,114
Share premium	2	282,900,070	262,240,603
Treasury shares	2	-21,611	-
Other reserves		-2,169,943	14,447,702
Currency translation differences		-346,825	-251,216
Retained earnings		-232,385,609	-175,936,105
Total equity		49,601,896	102,086,098
Non-current liabilities			
Non-current lease liabilities		111,368,006	113,014,663
Other non-current liabilities		42,741,033	375,000
Convertible bonds	3	87,947,016	93,248,447
Total non-current liabilities		242,056,055	206,638,111
Current liabilities			
Current lease liabilities		7,694,305	6,473,666
Interest-bearing loans and borrowings		0	1,704,180
Trade and other payables		112,295,676	25,280,911
Other current liabilities		29,331,440	14,224,990
Total current liabilities		149,321,422	47,683,747
Total liabilities		391,377,477	254,321,858
TOTAL EQUITY AND LIABILITIES		440,979,373	356,407,957

TECO 2030

Statements of Cash Flows

Amounts in NOK	01.01.2023 – 30.06.2023	01.01.2022 – 30.06.2022
Cash flows from operating activities		
Profit or loss before tax	-56,449,503	-36,627,528
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Net financial income/expense	7,098,807	-1,228,317
Other financial income	-	-
Conversion rights	-	-
Share based payments	170,135	914,087
Depreciation, amortisation and impairment	6,239,447	5,770,329
<i>Changes in working capital:</i>		
Changes in trade receivables and other receivables	826,327	-5,315,429
Changes in trade and other payables	20,506,099	20,999,196
Change in inventories	-3,414,543	-966,186
Changes in other current assets and current liabilities	-9,792,020	-590,611
Other adjustments	-	-
Net cash flows from operating activities	-34,815,252	-17,044,459
Cash flow from investing activities		
Purchase of property, plant and equipment	-1,393,517	-154,854
Development expenditures	-57,210,123	-52,901,492
Loans to related parties	963,174	-
Interest received	278,656	-
Net cash flows from investing activities	-57,361,810	-53,056,346

Amounts in NOK	01.01.2023 – 30.06.2023	01.01.2022 – 30.06.2022
Cash flow from financing activities		
Net cash proceeds from issuance of equity	849,597	6,626,273
Proceeds from convertible debt	12,031,809	70,115,627
Repayment of principal	-	-
Repayment of interest	-3,754,371	-
Proceeds from public grants	43,280,827	-
Cash payments for the principal portion of the lease liability	-3,110,407	-3,897,110
Cash payments for the interest portion of the lease liability	-2,358,541	-2,398,060
Cash received for the principal portion of the sublease receivables	696,919	1,050,558
Cash received for the Interest portion of the sublease receivables	269,391	322,019
Restricted deposits on lease premises	-	-
Net cash flows from financing activities	47,905,225	71,819,308
Net increase/(decrease) in cash and cash equivalents	-44,271,837	1,718,503
Cash and cash equivalents at beginning of the year	47,151,358	59,618,726
Cash and cash equivalents, end of period	2,879,521	61,337,229

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

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

TECO 2030

Statements of Changes in Equity

Amounts in NOK	Share capital	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	104,586,581
Issuance of shares 14.3.2022	16,088	6,686,285	-	-	-	-	6,702,373
Transaction costs on issuance of shares	-	-76,100	-	-	-	-	-76,100
Share-based payments	-	-	-	914,087	-	-	914,087
Conversion rights	-	-	-	3,831,653	-	-	3,831,653
Profit (loss) for the year	-	-	-	-	-	-36,320,792	-36,320,792
Other comprehensive income	-	-	-	-	-306,736	-	-306,736
Balance as of 30 June 2022	1,419,787	186,854,181	-	10,516,220	-291,856	-119,167,264	79,331,069

Amounts in NOK	Share capital	Share premium	Treasury shares	Other reserves	Currency translation differences	Retained earnings	Total equity
Balance at 1 January 2023	1,585,114	262,240,603	-	14,447,702	-251,216	-175,936,105	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	-	-57,071	-	-	-	-	-57,071
Share-based payments	-	-	-	170,135	-	-	170,135
Conversion rights	-	-	-	924,045	-	-	924,045
Reclassification of converted part of conversion rights	-	1,061,368	-	-1,061,368	-	-	-
Acquisition of own shares in debt-equity swap	-	-	-21,611	-16,650,458	-	-	-16,672,069
Profit (loss) for the year	-	-	-	-	-	-56,449,503	-56,449,503
Other comprehensive income	-	-	-	-	-95,609	-	-95,609
Balance as of 30 June 2023	1,625,813	282,900,070	-21,611	-2,169,943	-346,825	-232,385,609	49,601,896

TECO 2030

Notes to Financial Statements

Note 1 - General information

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

TECO 2030 ASA (org. nr. 923 706 747) is a public limited liability company incorporated and domiciled in Norway. The Company was incorporated on the 30 September 2019. The registered office address of TECO 2030 is Lysaker Torg 45, 1366 Lysaker, Norway. The 2023 half-year interim financial

report has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the TECO 2030 annual report for the year ended 31 December 2022 and any public announcements made by TECO 2030 during the interim reporting period. The accounting policies adopted in this half-year financial report are consistent with the accounting policies applied in the previous annual report and corresponding interim reporting period, except for the adoption of an accounting policy for the convertible debt (see note 3) and for the adoption of new and amended standards. A number of amended standards became applicable for the current reporting period. The group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards. The Board of Directors approved this interim report on 31 August 2023.

Note 2 - Equity and shareholders

On 23 June 2023 TECO 2030 ASA acquired a total of 2 161 074 own shares in a debt-equity swap from TECO Maritime Group AS and Rubber Innovation Holding AS. The shares were acquired at a share price of 7,6825 NOK per share with a par value per share of 0,01 NOK. Of the equity per 30 June 2023, -21 610,74 NOK is the par value of the acquired stocks and -16 580 840,27 NOK is allocated to other reserves.

The shares have been acquired to reduce outstanding debt of 14 745 562.36 NOK which TECO Maritime Group AS had to TECO 2030. As well as the outstanding debt of 1 856 890,98 NOK which Rubber Innovation Holding AS had to TECO 2030. There has been no change in the number of shares owned by the company as of 30 June 2023.

The Company's 20 largest shareholders as of 30 June 2023 are shown in the below table:

Shareholder	No. of Shares	in %
TECO GROUP AS	47 000 000	28,91 %
CLEARSTREAM BANKING S.A.	29 716 188	18,28 %
Citibank, N.A.	16 311 122	10,03 %
Pershing LLC	13 498 941	8,30 %
JAKOB HATTELAND HOLDING AS	7 914 000	4,87 %
UBS Switzerland AG	5 998 913	3,69 %
HANSEN EIENDOM OG KONSULT AS	4 278 318	2,63 %
TECO HOLDING AS	3 731 487	2,30 %
SOLVIK HOLDING AS	3 400 000	2,09 %
EQUITOR AS	2 816 371	1,73 %
TECO 2030 ASA	2 188 933	1,35 %
SIX SIS AG	1 397 659	0,86 %
KUBERA AS	1 304 762	0,80 %
Saxo Bank A/S	1 269 959	0,78 %
S00 INVEST AS	1 255 000	0,77 %
S25 HOLDING AS	1 100 255	0,68 %
MEDIKOM AS	1 018 835	0,63 %
KBC Bank NV	945 060	0,58 %
Morgan Stanley & Co. Int. Plc.	878 779	0,54 %
NH-INVEST AS	867 143	0,53 %
20 Largest Shareholders	146 891 725	90,35 %
Others	15 689 553	9,65 %
Total Shareholders	162 581 278	100,00 %

Note 3 - 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.

April 2023 convertible debt issuance

TECO 2030 ASA entered into an additional secured convertible bond agreement on 17 April 2023 ("April 2023 convertible debt"). TECO 2030 borrowed a total of NOK 12 million from 27 private non-bank lenders. Terms of the loan agreement include 8% annual fixed-rate interest to be paid quarterly, with the principal due at the maturity date in three years (5 April 2026). The interest payment each quarter is NOK 240,636. The loan may be repaid by TECO at their discretion in the time period of 7 December 2023 up until the maturity date at the amount of principal plus any outstanding accrued interest.

The April 2023 convertible debt includes a conversion right, giving the lenders a right but not an obligation to convert the loan into shares at a conversion price of NOK 9.7307.

The conversion price applicable at each conversion date shall be adjusted in accordance with the principles set out in the Euronext Derivatives Corporate Actions Policy, applied mutadis mutandis. The conversion period is open twice a year, during the time period 7 June 2023 and to the bond maturity date. The lenders must convert a minimum of NOK 500,000 of total debt held (lenders holding less than NOK 500,000 must convert all their outstanding Bonds).

The conversion right in April 2023 convertible debt meet the definition of "fixed-for-fixed". There are no embedded derivatives in the debt agreement. The interest payable on the secured convertible debt is fixed at 8%. Management has evaluated the market interest rate for this loan without the conversion right to be 11.5%. The difference in the net present value of the cash flows at these two interest rates is the fair value of the conversion rights. The equity conversion rights have been recognized in the financial statements directly to equity at a fair value of NOK 924 thousand, presented as parts of Other reserves. The initial recognition of the debt is at fair value using the market interest rate of 11.5%. The 30 June 2023 amortized costs of the April 2023 convertible debt are NOK 11.2 million, presented as a non-current liability. The total interest expenses recognized in the Income statement for the April 2023 convertible debt during 2023 is NOK 211 thousand.

Note 4 - Intangible assets

	Development	Completed development	Sales and distribution agreements	Production plant design development	Goodwill	Website	Total
Carrying amount 31.12.2022	137,143,768	13,025,555	3,750,000	2,361,977	2,613,441	50,400	158,945,141
Additions	78,542,705	106,845	-	5,218,099	-	-	83,867,648
Business combination	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Reclassifications	-587,967	587,967	-	-	-	-	-
Currency translation effects	-	-	-	-	149,587	-	149,587
Acquisition cost 30.06.2023	215,098,505	13,720,367	3,750,000	7,580,076	2,763,028	50,400	242,962,377
Accumulated amortisation & impairment 31.12.2022	-	-5,246,919	-1,812,500	-	-	-21,840	-7,081,259
Amortisation	-	-1,105,890	-375,000	-	-	-5,040	-1,485,930
Disposals	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-
Currency translation effects	-	-	-	-	-	-	-
Accumulated amortisation & impairment 30.06.2023	-	-6,352,809	-2,187,500	-	-	-26,880	-8,567,189
Carrying amount 30.06.2023	215,098,505	7,367,559	1,562,500	7,580,076	2,763,028	23,520	234,395,189
Economic life (years)		7	5			5	
Amortisation plan		Straight-line method	Straight-line method			Straight-line method	

Additions Half Year 2023

The Group has capitalized a total of NOK 83,9 million in development expenses during the first six months of 2023. Of these expenses a total of approx. NOK 77 million is related to the development of the TECO 2030 PEM Fuel Cells. The expenses are made up of capitalized internal work hours as well as external assistance from AVL in connection with the development agreement signed in 2020. The Remaining additions are related to the development of the Fuel Cell Production line in Narvik and other smaller projects.

Note 5 - Events after the reporting period

In July, TECO 2030 announced that the company for the second time within approx. one year, has achieved to be invited for HORIZON EUROPE funding. This time, the company, together with partners, will receive EUR13.5 million to build and demonstrate a passenger ferry powered by TECO 2030 fuel cells. The grant amount reserved for TECO 2030 is EUR 2.3 million. The project is a Horizon Innovation Action that aims to develop, build and demonstrate a 35-meter, 300 passenger capacity vessel that will be powered by the FCM400 fuel cell system by TECO 2030.

In the beginning of August, TECO 2030 announced that the company had signed a MoU with an undisclosed renowned European maritime engine company. The MoU was signed to formally set out a pathway to collaborate with ongoing and future projects. According to the MOU, TECO 2030 is supposed to support the company with FCM400 modules for their development of an integrated skid/containerized fuel cell system for their market segments.



TECO
2030

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