TECO 2030

Financial report for H1 2021

Contents

Executive Summary

TECO 2030 sees higher revenues in H1 2021

TECO 2030 ASA saw its revenues increase to NOK 10.8 million in the first half of 2021, up from zero in the same period last year, mainly due to the sale of ten ballast water treatment systems.

TECO 2030's consolidated earnings before interests, taxes, depreciations and amortisations (EBITDA) were negative in the first half of 2021, and amounted to NOK -20 million, down from NOK -5.1 million in the same period in 2020.

The results are as expected and in line with the company's development plan, according to Tore Enger, CEO of TECO 2030 ASA.

Still in the development stage

"TECO 2030 is still a development company and establishing it as a leading, publicly-traded, green maritime technology provider is a demanding task that requires significant effort," says Enger.

"The negative earnings are a natural result of the phase the company is currently going through, with extensive developments and corresponding costs planned for the next couple of years. We do not expect to see any significant earnings from our fuel cell business before 2023, at the earliest," he says.

TECO 2030 has over the past year markedly expanded its team and had 21 employees at the end of June. In comparison, the company did not have any employees in the first half of 2020, when it was serviced through a management agreement.

Bright future ahead

TECO 2030 is currently in the process of setting up an Innovation Center and Gigafactory for the production of hydrogen fuel cells in Narvik in northern Norway, with pilot production at the plant scheduled to start in autumn 2022.

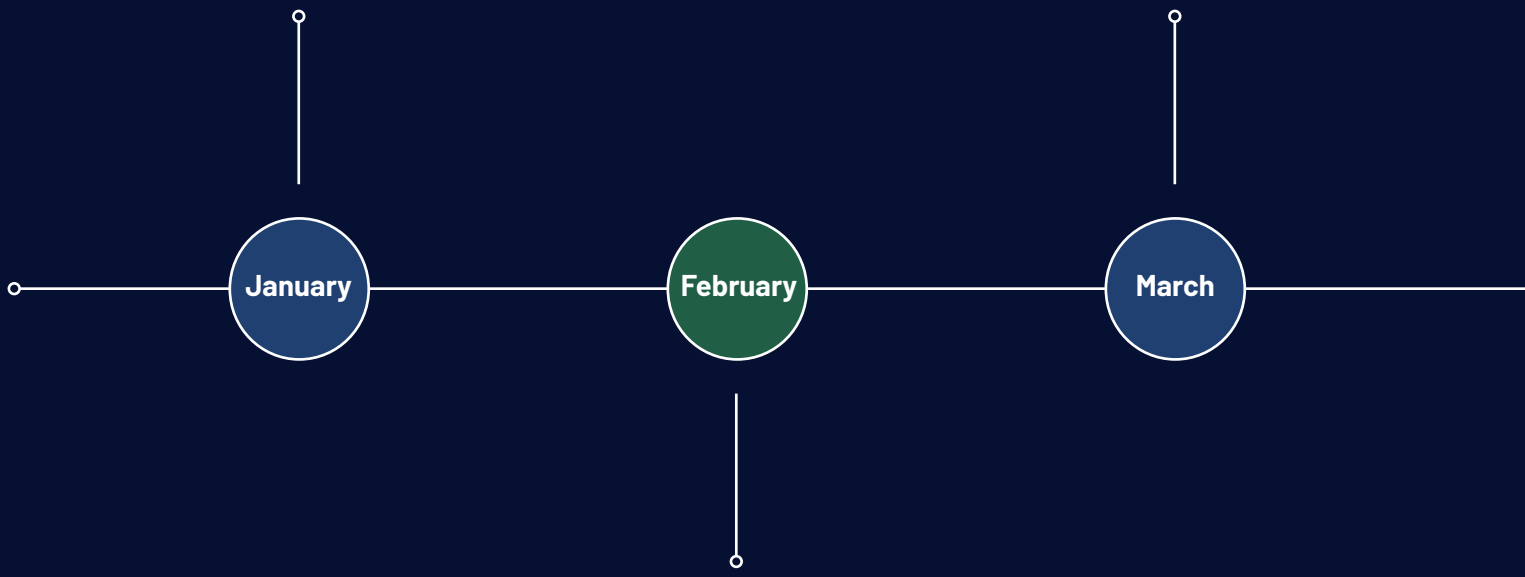
By 2030, the plant, will lead to the creation of up to 500 new jobs in Narvik and will be able to produce fuel cells with a combined capacity of 1.2 GW every year.

"Looking ahead, we are confident that the future will be bright for TECO 2030, and that the international maritime industry soon will face more stringent environmental regulations, which will boost the demand for our products," Enger adds.

Main highlights for TECO 2030 in H1 2021

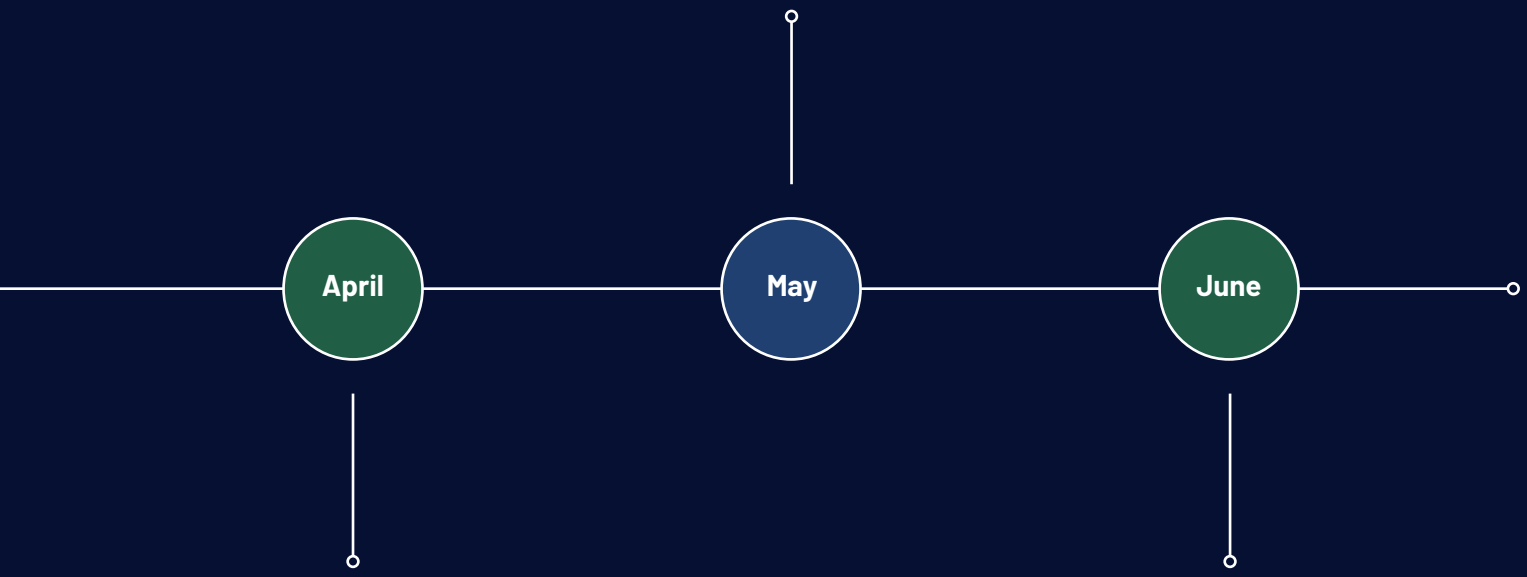
Launched the TECO 2030 – AVL Engine Performance Optimisation System (EPOS), which monitors the condition of maritime combustion engines and can prevent damage and reduce maintenance costs. The system can also increase the combustion engines' efficiency and reduce fuel consumption by up to 3%, and thereby lowering ships' emissions.

Announced that we had decided to establish our fuel cell Gigafactory in Narvik in northern Norway, in a facility that was previously home to a factory operated by solar company REC.



Announced plans to establish a gigafactory in Norway to produce hydrogen fuel cells.

Published our first sustainability report, which covers our first year of operation, 2020.



Signed a cooperation agreement with the infrastructure developer Implenia Norway to develop and pilot hydrogen-based power solutions for construction sites. As part of the project, we will develop a fuel cell generator with a power production capacity of 0.8 MW, which can replace diesel generators on construction sites

- Presented our company and our vision for an emissions-free ocean space at two big virtual events: the Euronext ESG Conference and Marine Money Week.
- Signed an agreement with the American manufacturer Chart Industries to jointly develop technological solutions that will capture carbon dioxide (CO_2) emitted by ships and store it in liquid form, so that it can later be permanently stored or reused in CO_2-consuming industries.
- Secondary listing, New York: Commenced trading on the OTCQB Venture Market, giving U.S.-based investors increased access to our shares and expanding our financial flexibility through exposure in a broader marketplace.

About TECO 2030

TECO 2030 helps the maritime industry to reduce its emissions

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

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

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

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

TECO 2030 is a young company with high ambitions, which aspires to become one of the leading suppliers of zero-emission technology for ships.

Cleantech for the shipping industry

It is, however, likely to take decades before all vessels that run on fossil fuels have been phased out. By 2050, almost half of all ships are expected to still be dependent on conventional fuels.

That is why TECO 2030 is also developing technology that enables ships running on fossil fuels to reduce their emissions, such as exhaust gas cleaning systems.

TECO 2030's exhaust gas cleaning system for ships, the TECO 2030 Future Funnel, removes airborne particles and sulphur and nitrogen oxides (SO_x and NO_x) from the ship exhaust.

The company is now working to further develop the system so that it will soon also be able to capture and store the CO_2 that would otherwise be emitted with the ship exhaust.

27 years of experience in maritime technology

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

TECO 2030 is headquartered at Lysaker, just outside of Oslo, and was listed on Euronext Growth on Oslo Stock Exchange in October 2020. The company currently has 22 employees.

The maritime industry is facing stricter environmental regulations

International shipping is an important enabler of world trade, but also causes greenhouse gas emissions and pollution. The industry is therefore facing increasingly more stringent environmental restrictions.

The oceans provide the main transport arteries for global trade, and around 90% of traded goods are today carried over the waves.

Shipping emissions have been increasing in line with growing international trade volumes, and in 2018, the maritime industry was responsible for 2.89% of global greenhouse gas emissions, according to the International Maritime Organization (IMO), the UN agency that regulates international shipping.

To create a more sustainable maritime industry, the IMO aims to reduce carbon intensity in international shipping by 40% by 2030, and to cut the total annual greenhouse gas emissions from the sector by at least 50% by 2050 compared to 2008.

In the EU, ships will soon have to pay to pollute

The EU and several countries have introduced emission reduction goals for shipping that are more ambitious than the IMO targets.

The EU has introduced a firm target of at least 55% emission reduction by 2030, and the maritime industry will also have to play their part in achieving this goal.

In July 2021, the European Commission presented its new "Fit for 55" climate package, which contains concrete proposals for how the EU's emissions should be more than halved by 2030.

One of the Commission's proposals is to include shipping in the EU Emissions Trading System (ETS) from 2023. If this happens, ships operating in European waters will from 2023 have to pay to emit CO_2.

The European Commission also proposed to impose maximum limits on the greenhouse gas content of energy used by ships arriving to or departing from EU ports, and to tighten the limits over time to encourage ships to switch to more sustainable fuels.

Moreover, to reduce air pollution in port areas, the Commission proposed to introduce legislation that from 2030 will make it mandatory for most polluting ships to connect to onshore power supply or use zero emission technologies at berth.

The legislative reform proposals put forward in the Fit for 55 package will have to be agreed by EU ministers and members of the European Parliament, a process which is planned to be concluded in 2022.

Growing demand for emission reduction solutions

The new emission requirements for the shipping industry will require that ships across the world take action to reduce their environmental and climate impacts.

By setting emission requirements, governments have contributed to increasing the maritime industry's demand for low- and zero-emission solutions, and to promote innovation in the development of such technology.

This is where TECO 2030 comes in. By developing technology that helps ships to reduce their emissions, TECO 2030 aims to contribute to the green transition in the maritime sector and enable ships to comply with increasingly stricter environmental regulations.

Cleantech for the maritime industry

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

TECO 2030 Marine Fuel Cell

Fuel cells produce electricity, and when fully developed, the TECO 2030 Marine Fuel Cell will be the first fuel cell system in the world that is specifically designed for use onboard ships. The TECO 2030 Marine Fuel Cell can also be used on other large vehicles and applications, such as equipment used on construction sites. The system will function much like a generator that is powered by diesel or other fossil fuels but will use hydrogen as fuel and will therefore emit nothing but water and warm air.

With our fuel cell technology, ships can operate emission-free, both on the whole journey, or on just shorter distances. By exchanging one or more of their engines with a TECO 2030 Marine Fuel Cell, ships can sail into and out of ports while emitting zero emissions. The TECO 2030 Marine Fuel Cell 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.

The TECO 2030 Marine Fuel Cell will be delivered in modules, each with a capacity of 400 kW. These can easily be put together, enabling system configuration in the multi-megawatt scale. The fuel cells will be suitable for both retrofits and newbuilds and will offer a zero-emission alternative for applications for which batteries are not a good option.

TECO 2030 is developing the hydrogen fuel cells together with the Austrian powertrain technology company AVL, and these will be produced at TECO 2030's new Innovation Center and Gigafactory in Narvik in northern Norway. AVL will also contribute to the planning and establishment of the new plant in Narvik.

TECO 2030 Future Funnel

An immediate phase-out of fossil fuels in the maritime industry is highly unlikely, and better exhaust gas cleaning systems are therefore likely to play a key role in reducing shipping emissions. The TECO 2030 Future Funnel is a next-generation exhaust gas cleaning system for ships that has been developed to enable ships to comply with upcoming and stricter environmental regulations. The system reduces the amount of sulphur and nitrogen oxides (SO_x and NO_x) that is emitted with ships' exhaust gases.

TECO 2030 is currently working to improve the system to enable it to further reduce the number of particles in the ship exhaust. The Future Funnel will soon also be equipped with carbon capture technology. This will enable ships to capture and store the CO_2 that they would otherwise have emitted into the air. The captured CO_2 can then later be permanently stored in geological formations underground or be put to beneficial use in CO_2-consuming industries.

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

One of the promising carbon capture technologies for the Future Funnel is cryogenic carbon capture, which is currently being developed by TECO 2030 in cooperation with the American technology provider Chart Industries.

TECO 2030 – AVL Engine Performance Optimisation System (EPOS)

The TECO 2030 – AVL Engine Performance Optimisation System (EPOS) monitors the condition of maritime combustion engines and can prevent damage and reduce maintenance costs. The system can also increase the combustion engines' efficiency and reduce fuel consumption by up to 3% and can thus also help to reduce ships' emissions.

By using the system, a vessel that consumes 25,000 tonnes of fuel annually will be able to reduce its emissions of CO_2 by approximately 2,000 tonnes; of nitrogen oxide (NO_X) by 50 tonnes; and of particulate matter (PM 2.5 and PM 10) by six tonnes.

The TECO 2030 – AVL EPOS has been developed by TECO 2030 in cooperation with Austrian powertrain company AVL, and it can enable ships across the world to comply with stricter environmental regulations.

TECO 2030 Ballast Water Treatment Solutions

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

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

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

Fuel cells are the engines of tomorrow

Hydrogen fuel cells are the engines of tomorrow and convert hydrogen into electricity while emitting nothing but water vapour and warm air.

There has been increasing interest in hydrogen across the world over the past few years, and in the potential of hydrogen to replace fossil fuels and thereby reducing greenhouse gas emissions.

Several countries have in the last couple of years adopted their own hydrogen strategies, and the EU has announced that the use of hydrogen and other innovative energy carriers will play a key role in achieving the goal of reducing Europe's emissions by 55% by 2030.

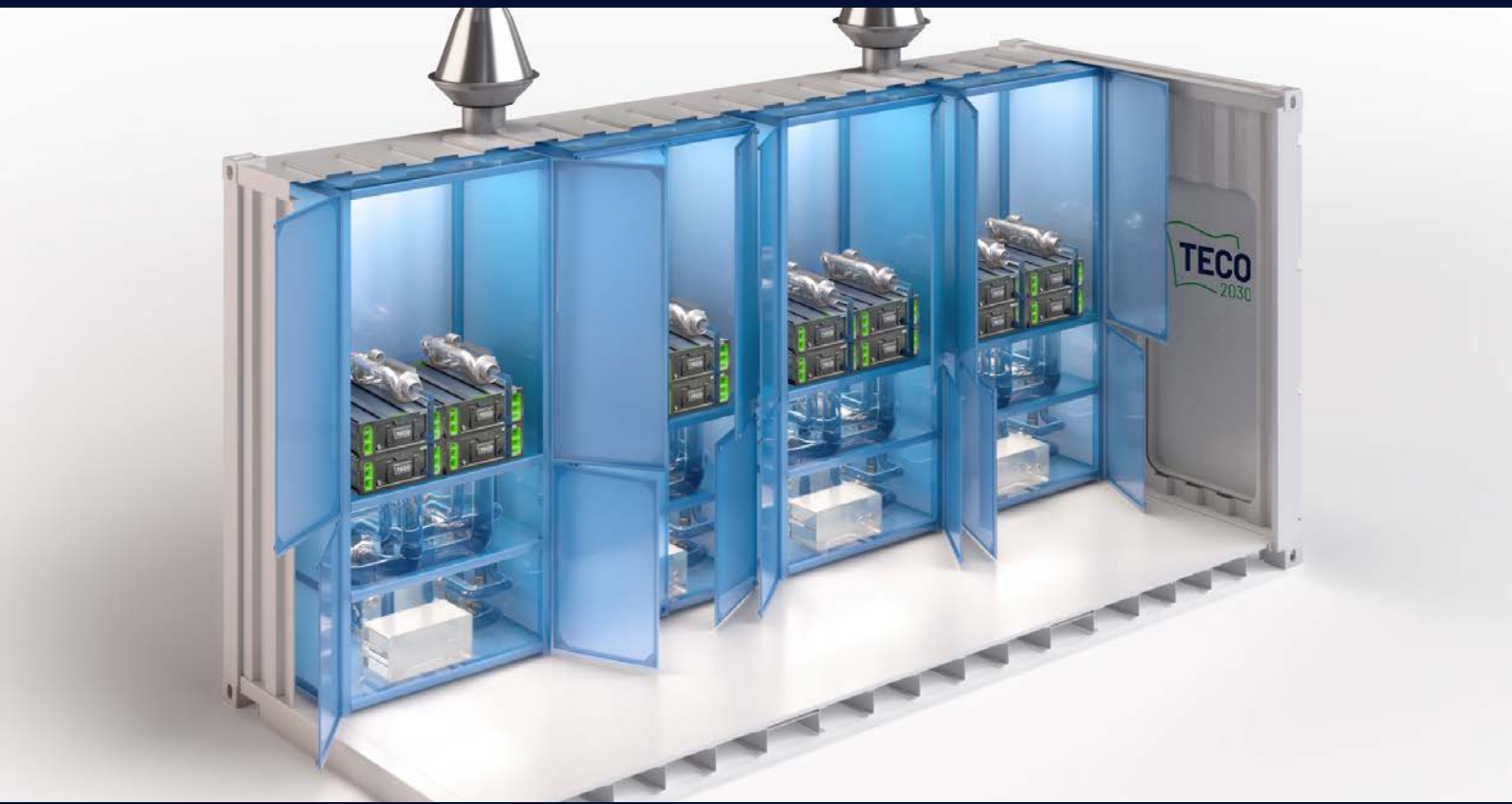
Zero-emission solutions for maritime transport are still in an early stage, and it has been battery-powered solutions that have so far received the most attention.

The world's first battery-powered ferry, the MF Ampere, started operating in 2015, and many more battery-powered ships have been launched since then.

However, batteries are big and heavy, have limited range and take a long time to recharge. They are therefore not suitable for all ships, and for many, hydrogen fuel cells can be a far better solution.

Fuel cells have a longer range, weigh less, and take up less space than large batteries. They do not need to be recharged, and can instead be refuelled with hydrogen, almost in the same way as with traditional fossil fuels.

Furthermore, fuel cells do also not need to be connected to the power grid. They are just as mobile and flexible as traditional diesel generators and produce much less noise.



TECO 2030 wants to make Narvik the hydrogen capital of Norway

By establishing a combined innovation centre and factory in Narvik for the production of hydrogen fuel cells, TECO 2030 wants to make Narvik Norway's hydrogen capital and contribute to the creation of new jobs in northern Norway.

The TECO 2030 Innovation Center Narvik will become Norway's first large-scale production of hydrogen-based fuel cells.

Narvik is the perfect location for the plant because it has an abundance of cheap, renewable electricity, is accessible by sea, rail, road and air transport, and has a deep-water port which remains ice-free all year round.

Furthermore, UiT – The Arctic University of Norway has a campus in Narvik, which offers courses in hydrogen and fuel cell technology. This will provide the TECO 2030 Innovation Center Narvik with easy access to highly qualified graduates who already live in the region.

TECO 2030 Innovation Center Narvik

The TECO 2030 Innovation Center Narvik will be established in a facility that was previously home to a factory operated by solar company REC.

The building is owned by the property company Teknologiveien Eiendom AS, which is renting it out to TECO 2030 ASA on a long-term lease agreement with a purchase option. TECO 2030 took over the building on 1 July 2021 and has now started the work of setting up the new plant.

Over the next ten years, TECO 2030 expects total investments in the TECO 2030 Innovation Center Narvik to amount to up to NOK 1 billion. During that period, up to 500 new jobs may be created in Narvik within development, pilot production and full-scale production.

Production planned to start in 2022

TECO 2030 plans to start pilot production of fuel cells at the new factory already in the second half of 2022, and to then produce fuel cells with a total capacity of 10 MW.

The plant's output will be gradually scaled up over the following years. TECO 2030 expects that by 2030, the factory will be able to produce 1.2 GW of fuel cells every year, which could lead to several billions of NOK in annual turnover.

Fuel cells with a combined capacity of 1.2 GW can produce as much electricity is a large nuclear power plant.

When ships replace their diesel engines with these fuel cells, the result will be annual emission savings of around 4 million tonnes of CO_2. This is equivalent to the total annual emissions of approximately 870,000 diesel and petrol cars, according to numbers from the U.S. Environmental Protection Agency.

Job creation

TECO 2030 expects to have around ten employees at the plant already by the end of 2022 and about 100 before the end of 2025. As many of these as possible will be recruited locally.

Given the importance of fuel cells in the energy transition and TECO 2030's position, the company will give research communities – such as universities and other non-profit organisations – the opportunity to use the plant's fuel cell element testing facilities during periods when they are not being used for producing fuel cells.

TECO 2030 is currently in the process of evaluating different financing alternatives for the gigafactory and innovation centre and is exploring different possibilities for public funding.

Tore Enger (left), CEO of TECO 2030 ASA, giving Norway's Minister of Petroleum and Energy, Tina Bru (right), Narvik's mayor Rune Edvardsen (middle right) and a representative of Narvik municipality a tour of the TECO 2030 Innovation Center Narvik on 2 August 2021.

Tina Bru, Norwegian Minister of Petroleum and Energy, at the TECO 2030 Innovation Center Narvik on 2 August 2021.

Tore Enger, CEO of TECO 2030 ASA, and Norway's Prime Minister Erna Solberg at a meeting in northern Norway in August 2021.

"By establishing a combined innovation centre and factory in Narvik for the production of hydrogen fuel cells, TECO 2030 wants to make Narvik Norway's hydrogen capital and contribute to the creation of new jobs in northern Norway."

Tore Enger
CEO of TECO 2030 ASA

Open meeting at the TECO 2030 Innovation Center Narvik on 2 August 2021.

Letter from the CEO

The first half of 2021 has been an exciting and eventful time for TECO 2030. It has also been a period when we made significant progress on our most ambitious project, namely, to establish a gigafactory in Norway for the production of hydrogen fuel cells. We announced in February that we were looking for a place to build our new factory, and we managed to find the perfect spot for it less than a month later. And best of all: The perfect building for it has already been built. Instead of constructing a new site, we can thus move right in. This will not only speed up the establishment process; it will also markedly reduce the costs and the risks involved.

Our new gigafactory will be established in Narvik in the north of Norway; in a facility that was previously home to a factory operated by solar company REC. TECO 2030 took over the building on 1 July, and we marked the occasion by inviting the local community, journalists and politicians to an open meeting there on 2 August. Around 130 people participated at this event, including the Norwegian minister of petroleum and energy, Tina Bru, Narvik's mayor Rune Edvardsen and representatives of local and regional government. A few days after this event, I met with Norway's prime minister Erna Solberg at a meeting for companies involved in hydrogen production and use in northern Norway. It was a very good meeting. We talked about the challenges posed by climate change, how to reduce emissions and the future of Norwegian industry. The prime minister seemed very engaged and interested when I told her about our plans to establish Norway's first large-scale production of hydrogen fuel cells in Narvik.

After we announced in March that we had found the perfect location for our new factory, and that it would be established in Narvik, we were invited to participate in several big events, including the Marine Money Week and Euronext's ESG Summit, "Financing the Blue and Green Economy". It was a great honour for us to be invited to present our company and our vision for an emissions-free ocean space at the Euronext ESG Summit, which took place in June. We were one of only three listed companies that had been invited, and we were in the virtual presence of distinguished speakers such as Norway's prime minister Erna Solberg, Portugal's prime minister António Costa and António Guterres, secretary general of the United Nations.

In the first half of 2021, we also reached some other major milestones. In May, TECO 2030 published its first sustainability report, which covers our first year of operation, 2020. The report provides an overview of how we are working towards sustainability reporting. Meanwhile, in June, TECO 2030 commenced trading on the OTCQB Venture Market in New York. This secondary listing will give U.S.-based investors increased access to our shares and will expand our financial flexibility through exposure in a broader marketplace.

At TECO 2030, we are focusing on developing and supplying technological solutions that can help reduce the environmental and climate impacts of maritime transport. For that reason, the main driver of our future growth is likely to be how rules and regulations aimed to speed up the green transition in the maritime industry will develop.

The global maritime industry is facing increasingly more stringent environmental regulations, and we have seen some very important developments recently. In June, the IMO's Marine Environment Protection Committee (MPEC) convened virtually at its 76th session to discuss emission reductions in the maritime industry and how these should be achieved. Although important progress was made, several major decisions were postponed to MEPC 77, scheduled to take place in November.

Meanwhile, in July, the European Commission presented its Fit for 55 climate package, with the aim of updating and revising EU legislation to put Europe on track to reducing its greenhouse gas emissions by 55% by 2030. This package included proposals intended to reduce the climate impacts of the maritime industry, such as making polluting ships pay. This will be done by extending the EU Emissions Trading System (EU ETS) to cover shipping. The Commission's plan is that shipping should be gradually phased into the EU ETS from 2023, and fully covered from 2026. The legislative reform proposals put forward in the Fit for 55 package will have to be agreed by EU ministers and members of the European Parliament, a process which is planned to be concluded in 2022.

TECO 2030 is a new company and was founded in autumn 2019. We have been growing rapidly, and we currently have 22 employees, up from zero in July 2020. In the first half of 2021, our total sales revenue increased to NOK 10.8 million, up from NOK 0 in the same period in 2020. Looking ahead, we are confident that the future will be bright for TECO 2030, and that the international maritime industry soon will face more stringent environmental regulations, which will boost the demand for our products.

Lysaker, Norway, 12 August 2021

Tore Enger
Chief Executive Officer of TECO 2030 ASA

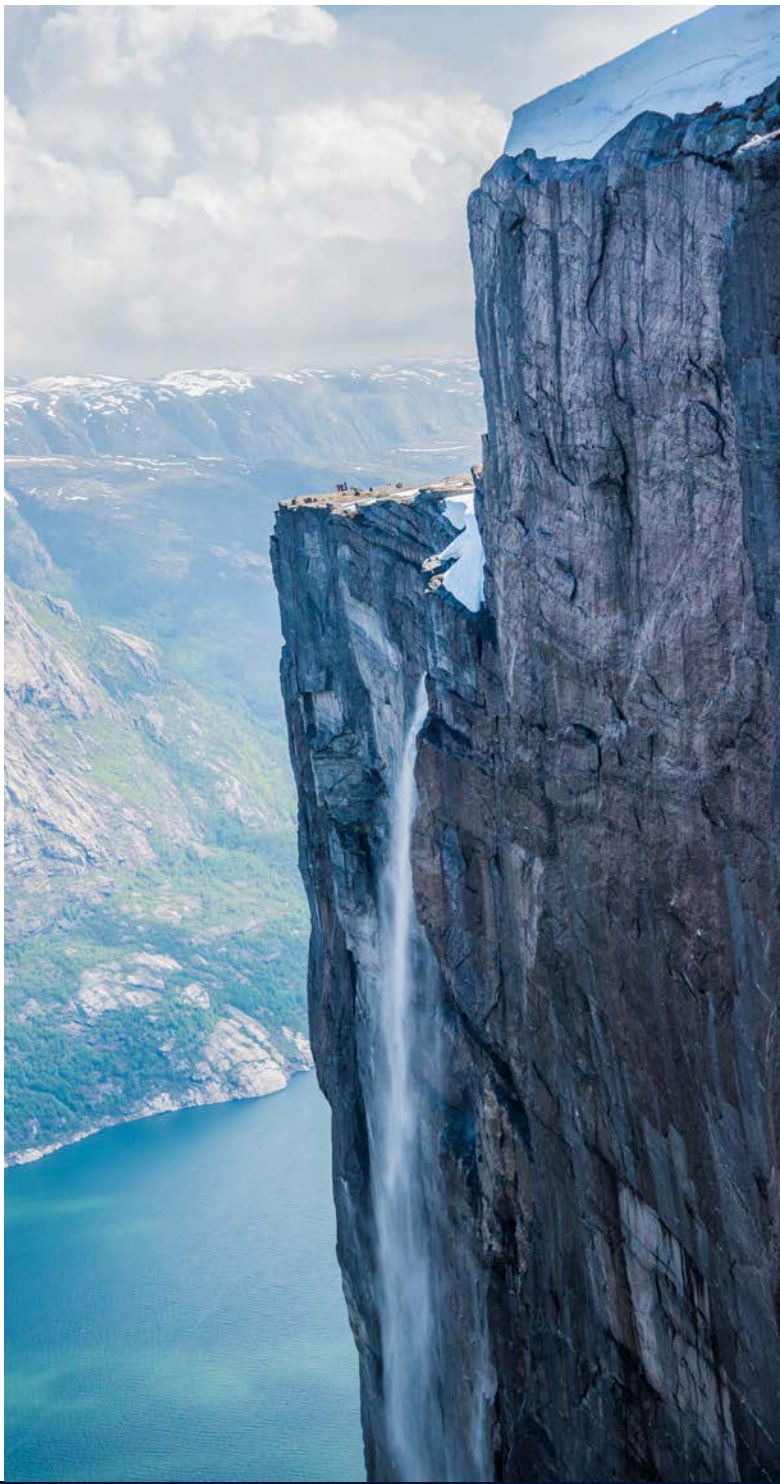
Main achievements in H1 2021

Conversion of bond

In January 2021, all the holders of TECO 2030's NOK 10 million convertible bond loan exercised their rights to convert their entire bond holdings into shares, thereby increasing the total number of shares by 400,000 to 12,400,000. The bonds were converted at a price of NOK 25 per share. Following the Annual General Meeting in late January, TECO 2030 decided to do a stock-split, splitting each of the company's shares into ten. After the split, the company had 124,000,000 outstanding shares.

Narvik Factory

TECO 2030 announced in February 2021 that we were looking for a place in Norway where we could establish a gigafactory for the production of hydrogen fuel cells. We found the perfect place for it less than a month later, in Narvik in northern Norway. Our new factory will be established in a facility that was previously home to a factory operated by solar company REC. TECO 2030 took over the building, which measures 15,500 m^2, on 1 July 2021. The plant will be a combined factory and innovation centre, and pilot production is planned to start here already in the second half of 2022. TECO 2030 plans to produce fuel cells with a total capacity of 10 MW at the factory in 2022 and intends to gradually scale up the plant's output over the following years. By 2025, the factory will be able to produce 400 MW of fuel cells every year, and the capacity is planned to increase to 1.2 GW by 2030. Based on the current estimates for future sales prices, we expect this to lead to annual revenues of approx. EUR 290 million in 2025 and around EUR 600 million in 2030. Furthermore, we expect the EBITDA-margin to be in the range of 10-15% in 2025 and 15-20% in 2030. TECO 2030 is currently in the process of evaluating different financing alternatives for the plant and is exploring different possibilities for public funding.



Cooperation Agreement with Implenia Norway

In April 2021, TECO 2030 signed a cooperation agreement with Implenia Norway to develop and pilot hydrogen-based power solutions for construction sites. The cooperation covers a period of five years and includes three initial steps: project financing, product development and commercialisation & operation. As part of the project, TECO 2030 will develop a fuel cell generator with a power production capacity of 0.8 MW, which can replace diesel generators on construction sites. The delivery of the fuel cell generator is planned for January 2023. The cooperation was in July 2021 awarded NOK 15.6 million in public funding from Norwegian state enterprise Enova, which will be provided over a period of 2.5 years.

Completed CCS feasibility study

The shipping industry can become more environmentally friendly and reduce their CO_2 emissions drastically by installing onboard carbon capture and storage equipment. The feasibility study jointly conducted between TECO 2030 and AVL concluded in May 2021 that onboard carbon capture and storage is technically and financially viable. The next phase will be a pilot development and test for maritime applications, and this phase will focus on verification and optimisation of the technologies.

Sustainability Report

In May 2021, we published our first sustainability report. The report covers TECO 2030's first year of operation, 2020. The report is inspired by the WEF IBC common metrics, the GRI Standards and the Euronext guidance on ESG reporting from January 2020. We intend to continue to communicate our sustainability performance annually, and to implement defined sustainability measures. We will be transparent about our operations and we will therefore continue to further develop our reporting by including additional disclosures, such as climate data once available. To read more about our measures and the report for 2020, please visit our website.

Signed agreement with Chart Industries

TECO 2030 signed a Memorandum of Understanding with Chart Industries, Inc in June 2021 to jointly develop technological solutions that will capture carbon dioxide (CO_2) emitted by ships and subsequently store it in liquid form. The agreement between TECO 2030 and Chart Industries involves the joint development of onboard carbon capture solutions for ships using the Cryogenic Carbon Capture™ (CCC) technology developed by SES, which was acquired by Chart Industries, Inc. in December 2020. When fully developed, the carbon capture solution will become available as a key element in the TECO 2030 Future Funnel, an exhaust gas cleaning system for ships developed by TECO 2030.

TECO 2030 and Implenia will develop zero-emission construction site solutions with support from Norwegian state enterprise Enova.

Secondary listing on the OTCQB Venture Market

TECO 2030 commenced trading on the OTCQB Venture Market in New York at the end of June 2021 under the symbol "TECFF". This will give U.S.-based investors increased access to our shares and expand our financial flexibility through exposure in a broader marketplace. The OTCQB Venture Market is the OTC Market Group's market for U.S. and international companies in entrepreneurial or development stage.

Private placement

In June 2021, TECO 2030 raised approx. NOK 20 million through a private placement by issuing 3,244,644 new shares. The shares were issued at a price of NOK 6.164 per share to three investors, who at the time were not invested in the company. Following the registration of the private placement on 2 July, the total number of shares in TECO 2030 has increased to 127,244,644.

Ballast water treatment systems

TECO 2030 has in the first half of 2021 sold ten ballast water treatment systems, demonstrating the short-term revenue potential of this part of the business. The sale of existing and proven technology to reduce emissions and pollution from ships means that TECO 2030 will have revenue streams while we are working on the development of the TECO 2030 Marine Fuel Cell.

Financial highlights in H1 2021

Income Statement

Although the Company was founded in 2019, the TECO 2030 Group was not established until August 2020. Prior to that, TECO 2030 ASA was a single company without any employees and dependent on services provided by TECO Technology AS through a management agreement. As such, the comparative figures for 2020 referred to in the Income Statement and the Cash Flow Statement represent a different set-up and therefore provides limited value as a basis for direct comparisons. The comparative figures in the Balance Sheet are based on year-end 2020.

Revenues

The total revenues during the first half of 2021 were NOK 10.8 million and consists of sales of 10 ballast water treatment systems (BWTS) as well as some consultancy services. The ballast water treatment systems are sold according to distribution agreements with system suppliers and these sales amounts to NOK 9.5 million. The consultancy services have mainly been directed towards companies within the TECO Maritime Group. Total revenues from consultancy services amounted to NOK 1.1 million in the first half of 2021. These services are further described under "Related parties' transactions". The sales revenue for H1 is lower than we had expected at the beginning of 2021. This can be attributed to a lack of sales of Future Funnels, which has largely been caused by lower oil prices and weaker demand during the ongoing Covid-19 global pandemic. In comparison, TECO 2030 did not sell any ballast water treatment systems or consultancy services during the first half of 2020.

Due to the current level of sales, a proper segment reporting is not yet presented. TECO 2030 expects sales to pick up over the coming years and plans to start reporting on the following segments: Ballast water treatment systems, Future Funnel, Fuel Cells and Other business areas.

Operating expenses

Total operating expenses for the first six months of 2021 amounted to NOK 22.9 million and was in accordance with the expectations for the period (2020: NOK 5.1 million). The operating expenses consist of personnel expenses (NOK 15.9 million) and other operating expenses (NOK 7 million). During the first half of 2020, TECO 2030 did not have any personnel expenses as the Company was serviced through a management agreement.

The consolidated EBITDA for the first six months of 2021 was negative and amounted to NOK -20 million (2020: NOK - 5.1 million). TECO 2030 is still a new company and establishing it as a leading publicly traded green maritime technology provider is a demanding task that requires significant effort. The negative EBITDA is thus a natural result of the phase the company is currently going through, with extensive developments and corresponding costs planned for the next couple of years.

Balance Sheet

Assets

There are relatively minor changes in the balance sheet from year-end 2020 until 30 June 2021. Intangible assets have increased by net NOK 3.5 million to NOK 22.9 million. This increase relates to capitalized development expenses of NOK 4.8 million (2020: NOK 4.1 million) due to the continued development of the TECO 2030 Fuel Cells and the development of TECO 2030 hybrid and closed loop Future Funnels. The Open Loop Future Funnel, which was ready for construction during Q1/20, has been depreciated by NOK 1.3 million in accordance with the 7-year linear depreciation plan. The capitalizations for 2021 consists of own personnel expenses (NOK 2.7 million) and external consultancy expenses (NOK 2.1 million).

Inventories (NOK 6.7 million) contains two 10 MW future funnels ready for sale. Trade and other payables of NOK 10.1 million relates to various short-term receivables from external customers and related parties. Total assets are, per 30 June 2021, NOK 80.4 million, which is down from NOK 82.4 million at the end of 2020.

Equity

Towards the end of June 2021, the Company raised approx. NOK 20 million in new equity through a private placement towards three new investors by issuing 3,244,644 new shares at a price of NOK 6.164 per share. As this share issue was registered in the Norwegian business register on 2 July, this transaction is treated as "non-registered capital" as per 30 June.

In January, all participants in the NOK 10 million convertible bond loan chose to convert their respective parts of the loan into new shares in the Company. The bond loan was originally due in July 2021. Through the conversion, the Company issued 400,000 new shares in January 2021, each at a price of NOK 25 (pre 1:10 split), leading to an increase of the Company's share capital of NOK 40,000. The share premium consequently increased by approx. NOK 10.4 million to NOK 94.2 million.

Combined, these two transactions lead to an increase of the Company's share premium by NOK 30.3 million resulting in a total share premium of NOK 114 million, but this was not effective before 2 July. As per 30 June, the total equity was NOK 66.4 million, including the non-registered capital. This shows an increase in total equity of NOK 10.8 million since year-end 2020.

Liabilities

The Group has no interest-bearing non-current liabilities whereas current liabilities amount to NOK 13.6 million, down by NOK 12.9 million from 31 December 2020. The major reason for the decrease relates to the conversion of NOK 10 million described above. The current liabilities are mainly made up of accounts payables to various suppliers and accruals.

Cash flow statement

Cash flow from Operating activities was NOK –22.9 million (2020: NOK 0.4 million) and is mainly made up of the loss throughout the six months period.

Cash flow from investing activities includes the capitalization of development expenses of NOK 4.8 million (2020: NOK 4.1 million) and a cash deposit of NOK 2.9 million related to future rental of premises. Aggregated net cash flow from investing activities ended by NOK –8.3 million (2020: NOK 4.1 million).

Cash flow from financing activities was positive by NOK 19.9 million and include the private placement of approx. NOK 20 million by the end of June. The net decrease in total cash flow during the first six months was NOK 11.3 million leaving the Group with approx. NOK 32.5 million at bank by the end of the period.

Risk factors

Foreign exchange risk

During the first half of 2021, the Group was, to some extent, exposed to foreign exchange transaction risk as some of the development expenses are denominated in EURO, whereas the funding has been in NOK. The sales of ballast water treatment systems have all been made in EURO and USD. The corresponding purchases of the items have largely been made in the same currency so that we, to a large extent, have avoided foreign exchange risk for these sales activities.

The costs involved in the ongoing development programme related to the fuel cells and carbon capture and storage are primarily denominated in EURO and the Group will face some foreign exchange transaction risk between 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 by the signing of the financial statements 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.

Liquidity risk

TECO 2030 successfully raised NOK 80 million in a share issue prior to the listing on Euronext Growth on Oslo

Stock Exchange in October 2020. The cash from the share issue, together with the NOK 20 million raised in a private placement in June 2021, should secure the Group's liquidity needs for 2021. An acceleration of the development process related to the TECO 2030 Marine Fuel Cell will, however, increase the Group's cash needs. The Company will therefore most likely raise additional funds through private placements within the next twelve months to secure a rapid and efficient continued development of the TECO 2030 Fuel Cells and the establishment of the production facility in Narvik. A quantification of such amounts is not yet ready for publications and will also depend on various issues such as grants from public agencies and the Group's successfulness in sales of TECO 2030 Future Funnels and ballast water treatment systems.

Risks related to regulations and changes in policy

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

Risks related to key personnel and competence

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

Credit risk

Credit risk is the possibility of a loss resulting from a customer's failure to meet its contractual obligations. Although it is impossible to know exactly who will default on obligations, properly assessing and managing credit risk can lessen the severity of a loss. TECO 2030 has a limited number of customers as per June 2021 but has established internal guidelines to minimise the risk of such situations occurring. The Group seeks, to the extent possible, to assure that payment terms related to sales of systems is linked to payment terms towards sub-suppliers. This reduces the Group's credit risk and liquidity exposure.

Working environment and external environment

As per 30 June 2021, the TECO 2030 Group counted 21 highly competent and dedicated employees. TECO 2030 continued to strengthen its staff during the first six months of 2021 and hired four new people to join its team. In June, Iselin Rønningsbakk joined TECO 2030 ASA as Head of Communications. She came from a position as senior communications adviser at Norway's CICERO Center for International Climate Research and has previously also worked as a journalist covering the European energy markets. In February, Stian Aakre was appointed as chief executive officer of the subsidiary TECO 2030 AS. Mr. Aakre came from the position as General Manager, Business Development in Wärtsilä and has more than 30 years of experience in maritime and onshore environmental technology and sustainability concepts and applications. Furthermore, in January, TECO 2030 ASA appointed Erling Hoftun as Vice President – Special Project. Mr. Hoftun is responsible for the establishment of the factory in Narvik, and he has over 30 years of experience in the environmental technology industry, predominantly related to the cruise industry. He was also one of the key founders of Scanship (currently listed as VOW) back in 1993.

Four of TECO 2030's employees are based in Miami/Florida while 17 are working at the Group's headquarter at Lysaker, outside Oslo. As per June 2021, there were eight different nationalities represented among TECO 2030's employees. The Group expects to continue to employ more people during the second half of 2021, especially related to the development of the TECO 2030 Marine Fuel Cells.

The Board of Directors considers the working environment within the TECO 2030 Group to be healthy. TECO 2030 operates in a market dominated by male workers and at the end of June 2021, 16 out of its 21 employees were men. The Board of Directors consists of five members: three women and two men.

The Group strongly respects and supports diversity in general and see this as a competitive advantage to create value for the company and its shareholders. TECO 2030 is a strong supporter of the UN's Sustainable Development Goals, which includes global challenges such as poverty, inequality (gender, ethnicity, sexual preferences etc.), climate change, environmental degradation, peace and justice.

The Group is continually working towards the goal of securing environmentally, sustainable, and healthy solutions for the maritime industry. As such, the Company seeks to reduce its environmental impacts to a minimum.

The Board of Directors adopted a Code of Conduct during the first half of 2021 and this, together with the previously implemented Corporate Governance guidelines, creates a solid foundation for the Group and its employees when performing operations on behalf of TECO 2030. TECO 2030 also published its first Sustainability Report in Q2 2021, as referred to previously in this report. These documents are all available on the Group's website: www.teco2030.no.

Events after the end of the balance sheet date

Major events after the balance sheet date include:

- Takeover of the premises in Narvik on 1 July and the official opening of the TECO 2030 Innovation Centre on 2 August with amongst others the Norwegian Minister of Petroleum and Energy, Ms. Tina Bru, present.

- Through the subsidiary in Miami, TECO 2030 sold another ballast water treatment system in early July to a Latin-American shipowner. The system is scheduled to be delivered during Q3 2021.

- Together with Implenia Norway, TECO 2030 was granted NOK 15.6 million in funding by the Norwegian state enterprise Enova to jointly develop and pilot hydrogen-powered solutions that will eliminate emissions at construction sites. The grant will be provided over a period of 2.5 years, from September 2021 until the end of December 2023.

Financial Statements

Statements of Comprehensive Income

Amounts in NOK	Note	01.01.2021-30.06.2021	01.01.2020-30.06.2020
Sales Revenue from Maritime Equipment	2	**9,529,362**	-
Costs of goods sold		-7,847,827	-
Gross profit		**1,681,535**	-
Gross Margin		*18%*	-
Other Revenues	2	1,237,098	-
Total Revenues		**10,766,460**	-
Personnel expenses	4	-15,933,930	-
Other operating expenses		-7,005,984	-5,129,117
Total operating expenses		**-22,939,915**	**-5,129,117**
EBITDA		**-20,021,282**	**-5,129,117**
Depreciation and amortisation		-1,921,874	-349,078
Operating Result		**-21,943,156**	**-5,478,195**
Finance income		352,702	16,301
Finance cost		-144,811	-3,551
Net financial income (expense)		**207,891**	**12,750**
Loss before tax		**-21,735,265**	**-5,465,445**
Income tax expense		7,439	-
Loss for the period		**-21,727,826**	**-5,465,445**
Other comprehensive income:			
Items that will be reclassified to profit or loss		-62,067	-
Total other comprehensive income for the period		**-62,067**	-
Comprehensive income for the year		**-21,789,893**	**-5,465,445**
Earnings per share			
Basic EPS, profit for the period attributable to ordinary equity holders		-0.18	-0.49
Diluted EPS, profit for the period attributable to ordinary equity holders		-0.18	-0.49

The interim financial information has not been subject to audit.

Statements of financial position

Amounts in NOK	Note	6/30/2021	12/31/2020
ASSETS			
Non-current assets			
Property, plant and equipment		843,925	376,382
Intangible assets		22,970,881	19,510,544
Goodwill		2,400,968	2,482,661
Restricted deposits		2,900,000	-
Right-of-use assets		629,515	1,112,449
Total non-current assets		**29,745,289**	**23,482,036**
Current assets			
Inventories		6,692,596	6,084,475
Trade and other receivables		10,139,430	8,728,765
Other current assets		1,381,030	354,506
Cash and cash equivalents		32,450,432	43,717,208
Total current assets		**50,663,488**	**58,884,954**
TOTAL ASSETS		**80,408,777**	**82,366,989**

Amounts in NOK	Note	6/30/2021	12/31/2020
EQUITY AND LIABILITIES			
Equity			
Share capital	3	1,240,000	1,200,000
Non registered capital	3	19,999,985	-
Share premium		94,185,038	83,785,307
Other reserves		2,658,900	449,731
Currency translation differences		-32,853	29,214
Retained earnings		-51,655,015	-29,850,219
Total equity		**66,396,056**	**55,614,031**
Non-current liabilities			
Non-current lease liabilities		-	223,276
Other non-current liabilities		375,000	-
Total non-current liabilities		**375,000**	**223,276**
Current liabilities			
Current lease liabilities		648,257	893,592
Interest-bearing loans and borrowings		1,623,029	1,623,029
Convertible bonds		-	10,000,000
Trade and other payables		8,228,591	10,137,345
Current tax payables		65,383	-
Other current liabilities		3,072,462	3,875,716
Total current liabilities		**13,637,721**	**26,529,682**
Total liabilities		**14,012,721**	**26,752,958**
TOTAL EQUITY AND LIABILITIES		**80,408,777**	**82,366,989**

The interim financial information has not been subject to audit.

Lysaker, 12 August 2021

Sigurd Gaarder Lange Chairman of the Board	Birgit Liodden Member of the Board	Herman Marcussen Member of the Board
Pia Meling Member of the Board	Marit Kirkhusmo Member of the Board	Tore Enger Chief Executive Officer

Statements of Cash Flows

Amounts in NOK

Cash flows from operating activities	01.01.2021-30.06.2021	01.01.2020-30.06.2020
Loss before tax	**-21,727,826**	**-5,465,445**
Adjustments to reconcile profit before tax to net cash flows:		
Net financial income/expense	-207,891	-12,750
Share based expenses	2,658,900	-
Depreciation, amortisation and impairment	1,921,874	349,078
Changes in working capital:		
Changes in trade receivables and other receivables	-1,410,665	-1,628,870
Changes in trade and other payables	-1,908,754	7,249,054
Change in inventories	-608,121	-93,324
Changes in other current assets and current liabilities	-1,608,946	-
Net cash flows from operating activities	**-22,891,429**	**397,743**
Cash flow from investing activities		
Purchase of property, plant and equipment	-567,839	-
Development expenditures	-4,799,559	-4,100,127
Placement in deposit	-2,900,000	-
Net cash flows from investing activities	**-8,267,398**	**-4,100,127**
Cash flow from financing activities		
Net proceeds from issuance of equity	19,999,985	-
Repayment of interest	-	12,750
Proceeds from public funding	375,000	-
Cash payments for the principal portion of the lease liability	-455,067	-
Cash payments for the interest portion of the lease liability	-27,867	-
Net cash flows from financing activities	**19,892,051**	**12,750**
Net increase/(decrease) in cash and cash equivalents	-11,266,776	-3,689,634
Cash and cash equivale nts at the beginning of the period	43,717,208	3,689,963
Cash and cash equivalents at the end of the period	**32,450,432**	**331**

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

The interim financial information has not been subject to audit.

Statements of Changes in Equity

Amounts in NOK	Share capital	Non registered capital	Share premium	Other reserves	Currency translation differences	Retained earnings	Total equity
Balance at January 1, 2020	111,111	-	9,988,879	-	-	-2,621,522	7,478,468
Profit (loss) for the period	-	-	-	-	-	-5,465,445	-5,465,445
Balance as of June 30, 2020	**111,111**	-	**9,988,879**	-	-	**-8,086,967**	**2,013,024**

Amounts in NOK	Share capital	Non registered capital	Share premium	Other reserves	Currency translation differences	Retained earnings	Total equity
Balance as of December 31, 2020	**1,200,000**	-	**83,785,307**	**449,731**	**29,214**	**-29,850,219**	**55,614,031**
Issuance of shares January 13, 2021	40,000	-	9,950,000	-	-	-	9,990,000
Issuance of shares June 26, 2021- not registered*		19,999,985	-	-	-	-	19,999,985
Share based payment options	-	-	-	2,658,900	-	-	2,658,900
Conversion rights	-	-	449,731	-449,731	-	-	-
Profit (loss) for the year	-	-	-	-	-	-21,727,826	-21,727,826
Income tax expense previous years		-	-	-	-	-76,968	-
Other comprehensive income	-	-	-	-	-62,067		-62,067
Balance as of June 30, 2021	**1,240,000**	**19,999,985**	**94,185,038**	**2,658,900**	**-32,853**	**-51,655,015**	**66,396,056**

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

Notes to Financial Statements

Note 1 - General accounting principles

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

TECO 2030 ASA (org. nr. 923 706 747) is a public limited liability company incorporated and domiciled in Norway. TECO 2030 ASA shares are traded on Euronext Growth (Oslo, Norway). The registered office address of TECO 2030 is Lysaker torg 12, 1366 Lysaker, Norway.

This interim financial information for the Second Half Year 2021 has been prepared pursuant to IAS 34 ""interim financial reporting"". The interim Financial Reporting should be read in conjunction with the annual Financial Statements for the year ended December 31, 2020, which have been prepared in accordance with IFRS, as adopted by the European Union. The accounting policies implemented are consistent with those of the annual financial statements for the year ended December 31, 2020.

This unaudited interim report was approved by TECO 2030's Board of Directors on August 12, 2021.

Note 2 - Disaggregation of Revenue

(NOK)	01.01.2021-30.06.2021	01.01.2020-30.06.2020
Revenue from customers - Ballast water treatment system	9,529,361	-
Revenue from customers - Consultancy	1,077,152	-
Total revenue from customers	**10,606,513**	-
Other income	159,946	-
Total	**159,946**	-

Note 3 - Equity and Shareholders

Date	Number of shares authorised and fully paid	Par value per share (NOK)	Carrying amount
At January 1, 2021	12,000,000	0.10	1,200,000
Equity issue by conversion of bonds January 13, 2021	400,000	0.10	40,000
Share split 1/10 - registered February 22, 2021	124,000,000	0.01	1,240,000
At June 30, 2021 (registered shares)	**124,000,000**	**0.01**	**1,240,000**

In January, the bond holders of TECO 2030's NOK 10 million convertible bond exercised their rights to convert their entire bond holdings into shares. The Company issued a total of 400,000 new shares at a conversion price of NOK 25 per share.

At the Annual General Meeting in late January it was resolved a 1:10 split of the TECO 2030-shares. After the split, the company had 124,000,000 outstanding shares, each with a par value of NOK 0.01.

In June, TECO 2030 raised approx. NOK 20 million in a private placement by issuing 3,244,644 new shares at a share price of NOK 6.164. Following the registration of the private placement in July, the number of outstanding shares is totally 127,244,644. This capital increase is booked as non-registered-capital in the balance sheet by June 30.

The Company's 20 largest shareholders as of June 30, 2021 are shown in the table below.

Shareholder	# shares	%
TECO GROUP AS	52,041,430	41.97%
CLEARSTREAM BANKING S.A.	23,525,305	18.97%
Citibank, N.A.	9,411,415	7.59%
SIX SIS AG	8,377,495	6.76%
SOLVIK HOLDING AS	3,500,000	2.82%
JAKOB HATTELAND HOLDING AS	3,000,000	2.42%
TECO MARITIME GROUP AS	2,885,250	2.33%
EQUITOR AS	2,645,140	2.13%
CANICA AS	1,650,144	1.33%
TECO TECH HOLDING AS	1,624,130	1.31%
PERSHING LLC	1,174,199	0.95%
JAHATT AS	1,128,201	0.91%
Morgan Stanley & Co. Int. Plc.	1,124,056	0.91%
MEDIKOM AS	1,052,860	0.85%
KBC Bank NV	960,659	0.77%
PCJ INVEST AS	860,870	0.69%
RAIFFEISEN BANK INTERNATIONAL AG	558,418	0.45%
HØGÅSEN HOLDING AS	524,916	0.42%
MARCUSSEN SHIPPING AS	494,410	0.40%
BLOMS OPPMÅLING AS	450,000	0.36%
20 largest shareholders	116,988,898	94.35%
Others	7,011,102	5.65%
Total shareholders	124,000,000	100%

Note 4 - Share-base payments

The Group has share-based payment programs to board members and key management. These share-based payment programs, including tax, are considered as equity-settled share-based payments. In addition, the Group is obliged to make a provision for social security tax related to these programs. This part of the share-based payment arrangements is recognised as a cash-settled share-based payment.

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period based on the Group's estimate of the shares that will eventually vest, adjusted for the effect of non-market-based vesting conditions.

Cash-settled share-based payments are measured at fair value of the liability. The liability is remeasured at each reporting date.

The share-base payments expensed in the profit and loss statement for this interim period is NOK 3.3 million where the total provision for social security is NOK 0.72 million.

Responsibility statement

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

- The financial statements for the first half of 2021 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 the first half-year of 2021 give a true and fair view of the assets, liabilities, financial position and profit as a whole as of 30 June 2021 for 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.

Lysaker, 12 August 2021

Sigurd Gaarder Lange Chairman of the Board	Birgit Liodden Member of the Board	Herman Marcussen Member of the Board
Pia Meling Member of the Board	Marit Kirkhusmo Member of the Board	Tore Enger Chief Executive Officer

zero emission in the future

TECO 2030

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