TECO 2030

Financial report for Q3 2021

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In Brief

TECO 2030 helps the maritime industry to reduce its emissions

Actions are needed to reduce the environmental and climate impacts of international shipping. By delivering technological solutions that help ships reduce their emissions, TECO 2030 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, and that 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, according to a report published by the American Bureau of Shipping (ABS) in April 2020.

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

Carbon Capture and Storage (CCS)

TECO 2030 is currently developing CCS solutions for the maritime industry together with the American technology company Chart Industries, Inc. These will capture CO_2 in the ship exhaust and store it until the ship reaches port.

When offloaded, the CO_2 can either be permanently stored in geological formations underground or be put to beneficial use in CO_2-consuming industries.

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

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

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 within 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 suppling technology that enables ships to become more climate and environmentally friendly. We are currently offering the following products:

TECO 2030 Marine Fuel Cell

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

With our fuel cell technology, ships can operate emission-free, both on the whole journey, 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 emissions-free. 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. Hydrogen fuel cells can also be used during port-stay, loading and discharging, enabling zero-emission operation at berth, without having to connect the ship to an onshore power supply.

The TECO 2030 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 be emissions-free.

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 has received an "Approval in Principle" (AiP) by DNV, one of the world's leading classification and certification bodies, for its Marine Fuel Cell System and its Fuel Cell Module FCM400™, confirming that these are safe to use onboard ships.

TECO 2030 Carbon Capture and Storage (CCS)

It will likely take decades before all vessels that run on fossil fuels have been phased out, and carbon capture and storage (CCS) solutions will therefore probably also play a role in reducing CO_2 emissions from ships. TECO 2030 is currently developing CCS solutions for the maritime industry together with the American technology company Chart Industries, Inc., and plans to make these available to the market in 2023.

TECO 2030 Carbon Capture and Storage solutions will capture CO_2 in the ship exhaust and store it in liquid form until the ship reaches port. When offloaded, the CO_2 can either be permanently stored in geological formations underground or be put to beneficial use in CO_2-consuming industries.

The solutions will use the Cryogenic Carbon Capture™ (CCC) technology developed by SES, which was acquired by Chart Industries, Inc. in December 2020. This innovative technology utilizes Chart Industries, Inc.'s expertise in cryogenic equipment and systems along with SES's patented and proven technology. It will separate the CO_2 from the ships' exhaust gases, resulting in a high purity liquid CO_2 product, which will be stored onboard in cryogenic storage tanks.

TECO 2030 Future Funnel

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

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

The 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.

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 PM10) 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.

TECO 2030 took over the building that will become home to the new factory and innovation centre on 1 July 2021 and is now working to set up the new plant, which will become Norway's first large-scale production of hydrogen fuel cells.

Over the next ten years, TECO 2030 expects total investments in the plant to amount to up to NOK 1 billion.

1.2 GW of fuel cells

TECO 2030 plans to start pilot production of fuel cells at the new factory towards the end of 2022. The aim is that by 2030, the factory will be able to produce up to 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 as a large nuclear power plant. When ships replace their diesel engines with these fuel cells, the result will be annual emission savings of around 4 million tonnes of CO_2.

That 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 100 employees at the plant before the end of 2025, and up to 500 by 2030. 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.

Letter from the CEO

The third quarter of 2021 has been a busy and exciting time for TECO 2030. We started the quarter by taking over the building that will become home to our new combined innovation center and fuel cell factory in Narvik in northern Norway on 1 July. 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, Tina Bru, who was then the Norwegian minister of petroleum and energy, Narvik's mayor Rune Edvardsen and representatives of local and regional government.

We are very happy about the way people have responded to the news that we will set up our new plant in Narvik, which will lead to the creation of up to 500 new jobs there by 2030 and contribute to reducing greenhouse gas emissions. Earlier this week, we even received news that we have been granted NOK 50 million in Norwegian government support for our development of hydrogen fuel cells. The support has been granted by Innovation Norway, the Norwegian government's most important instrument for innovation and development of Norwegian enterprises and industry. It is the highest amount that Innovation Norway has granted to one single project so far this year, and we are absolutely thrilled that they have decided to support our work. This clearly shows that the Norwegian government believes in our technology and our plans to produce hydrogen fuel cells in Narvik, and we are very grateful for that.

When it comes to the way that people in northern Norway have reacted to the news about our plans to establish our new plant in Narvik, we are absolutely overwhelmed. We have been met with a lot of enthusiasm and received invaluable support from the local community in Narvik, and we have been contacted by several highly qualified people who live in the region and would like to work for us. We have received a lot of help from Narvik municipality and its business company, Futurum, as well as from UiT – the Arctic University of Norway, which has a campus in Narvik. We have also received a lot of support from the Confederation of Norwegian Enterprise (NHO) and the team working at its NHO Nordland office in Narvik's neighbouring city Bodø. In October, NHO Nordland even named TECO 2030 company of the month! It's impossible to move mountains alone, and we are extremely grateful for all the help and support we have received. It's been fantastic to be met this way by the people living in this part of Norway, and we thank everyone in the region who's been cheering on us for their overwhelming support.

Northern Norway is the perfect place to establish our new combined fuel cell factory and innovation center, and in Narvik, we even managed to find the perfect building for it. It had already been built, so instead of building a new building, we were able to move into one that already existed and was

available. In addition to reducing the costs involved in setting up our new plant, this solution is also much better for the environment. Sustainability is in our DNA, and going forward, we will do our best to be as environmentally friendly as possible, and to use local and Norwegian suppliers whenever we can. Northern Norway is endowed with an abundance of renewable and cheap energy and has among the lowest electricity prices in both Norway and Europe. Narvik is a hub for goods transport in northern Norway, and is accessible by rail, road, air and sea. The city even has a deep-water port which is ice-free all year round. Narvik also has a positive attitude towards industry and business development, and a skilled workforce. All these factors will greatly benefit our new plant in Narvik, and we hope and believe that the establishment of the TECO 2030 Innovation Center there will create significant ripple effects in the city and region related to hydrogen and other climate-friendly energy sources and technology.

At TECO 2030, we are focusing on developing and supplying technological solutions that can help to 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 within 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 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 23 employees, up from zero in July 2020. In September, our headquarter moved into a new and bigger office at Lysaker Torg 45, just outside of Norway's capital Oslo. We had outgrown our old premises, which are just a stone's throw away from our new location. The building where our headquarter is now located has received a Green Building certification, and we have done our best to choose sustainable materials and furniture for our new premises. Our new headquarter is large enough for us to grow even further and has enough space for another 30 new employees. We are planning to hire more people over the next few years, and since our workforce is currently overwhelmingly male, we are hoping that we will soon be able to recruit more women to join our team.

We are confident that the future will be bright for TECO 2030. We recently signed a supply frame agreement with Chemgas Shipping for the delivery of fuel cell modules to the Dutch shipowner's new hydrogen-powered tugboats and transport barges, which will operate on Europe's second longest river, the Danube. The deal could lead to the delivery of fuel cell modules with a combined capacity of up to 200 megawatts, and we expect the first delivery to take place already in the first half of 2023.

Lysaker, Norway, 28 October 2021

Tore Enger
Chief Executive Officer of TECO 2030 ASA

Main highlights in Q3 2021

Take-over and official opening of our new facility in Narvik

On 1 July 2021, TECO 2030 took over the building that will become home to the new TECO 2030 Innovation Center in Narvik in northern Norway. 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 Tina Bru, who was then the Norwegian minister of petroleum and energy, Narvik's mayor Rune Edvardsen and representatives of local and regional government. Over the next ten years, we expect total investments in the plant 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. The plant will be a combined factory and innovation centre, and pilot production is planned to start here towards the end of 2022. The factory is expected to reach an annual production capacity of 400 MW by 2025, and to scale this up gradually over the next few years, reaching 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.

Awarded funding for zero-emission construction site solutions

Together with infrastructure contractor Implenia Norway, TECO 2030 was in July 2021 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. 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 to take place in early 2023.

Granted public support for fuel cell development

In September 2021, TECO 2030 was granted up to NOK 5.4 million in indirect government support for developing its first semi-automated production line for hydrogen fuel cells at its new fuel cell factory and innovation center in Narvik in northern Norway. The support has been granted through the Research Council of Norway's Skattefunn scheme, which is a tax deduction scheme designed to stimulate research and development (R&D) activities in Norwegian companies. It provides indirect support in the form of tax deductions on costs related to implemented research and development activities. The project that has been granted tax relief involves the development of a state-of-the-art production line for hydrogen fuel cells, with a total annual production capacity of 400 MW. The tax relief has been given for two years, 2021 and 2022.

Awarded public support for carbon capture development

TECO 2030 was in September 2021 granted up to NOK 4 million in tax relief as indirect government support for developing solutions that will capture CO_2 in the ship exhaust and store it until the ship reaches port. This support was also granted through the Research Council of Norway's tax deduction scheme Skattefunn. The project that has been granted tax relief involves the development and testing of onboard solutions that can capture more than 90% of the CO_2 in the ship exhaust. The tax relief has been granted for a period of two years, 2021 and 2022.

Cooperation agreement with Everfuel

TECO 2030 signed in August 2021 a strategic cooperation agreement with the leading European hydrogen supplier Everfuel for the delivery of green hydrogen to fuel its fuel cells and fuel cell generators. This will enable decarbonisation of hard-to-decarbonise areas, such as construction sites. As part of the agreement, the companies will develop solutions enabling Everfuel to distribute and deliver green hydrogen to sites where TECO 2030's hydrogen fuel cell power generators are located, or to ships, vehicles or equipment with TECO 2030's fuel cell technology installed. TECO 2030 and Everfuel will focus particularly on exploring the possibility of providing decentralised power supply for off-grid construction projects in areas where Everfuel has available hydrogen capacity and infrastructure.

Letter of intent with Greenstat

In August 2021, TECO 2030 signed a letter of intent with the Norwegian energy company Greenstat to cooperate on relevant projects with the aim of developing a complete hydrogen value chain. As part of the agreement, the two parties will discover, evaluate and participate in relevant projects. For the projects they decide to cooperate on, Greenstat will provide green hydrogen to be used as fuel for the fuel cells developed by TECO 2030.

Financial highlights in Q3 2021

NOK'000	Q3 2021	YTD 2021	FY 2020
Revenue and other income	2 210	12 976	2 183
EBITDA	-11 843	-31 864	-24 601
EBIT	-14 277	-36 220	-26 570
R&D capitalization	5 622	10 422	13 269
Total assets	188 322	188 322	82 367
Total equity	52 974	52 974	55 614
Permanent employees	23	23	18

The financial numbers for 2020 are of less relevance for comparison as 2021 is the group's first full year of operation.

The revenue in third quarter includes NOK 1.5 million in ballast water treatment systems and NOK 0.7 million in sub-lease for parts of the premises in Narvik and Lysaker and some consultancy services. The EBITDA is NOK - 11.8 million and approximately in line with the previous two quarters.

R&D capitalization during Q3 is related to the development of TECO 2030 Marine Fuel Cells and TECO 2030 Carbon Capture and Storage. Capitalized expenses include work made by internal and external resources.

The significant increase in total assets per Q3 is due to the rental contracts for the premises in Narvik and Lysaker.

The contract in Narvik is a 15-year contract whereas the contract in Lysaker is a 10-year contract. Both contracts include options for another 10 years. For both contracts the main contract term has been used when calculating the assets and obligations. Non-current assets (Right-of-use assets) is recognised by NOK 83.5 million and Finance lease receivables by NOK 33.2 million. The latter is related to sub-lease contracts for parts of the premises. The non-current lease liability is recognised in the balance sheet by NOK 117.7 million.

More detailed financial information can be found towards the end of this report.

Major events after the end of Q3 2021

Major events after the end of the third quarter includes:

- TECO 2030 received at the beginning of October 2021 an "Approval in Principle" (AiP) by DNV, one of the world's leading classification and certification bodies, for its Marine Fuel Cell System and its Fuel Cell Module FCM400. The AiP confirms that DNV has concluded that these are safe to use onboard ships.

- TECO 2030 signed in early October 2021 a Memorandum of Understanding with Offshore Technology Development (OTD), the technology arm of Keppel Offshore & Marine. As part of the agreement, OTD will offer TECO 2030's cleantech products, such as hydrogen fuel cells, carbon capture and storage (CCS) solutions and exhaust gas cleaning systems, to its clients within the maritime sector.

- On 7 October 2021, TECO 2030 raised approx. NOK 21.5 million through a private placement by issuing 4,125,170 new shares. The shares were issued at a price of NOK 5.2095 per share to one single investor, who until then had not invested in the company. Following the registration of the private placement on X October, the total number of shares in TECO 2030 has increased to 131,369,814.

- On 14 October 2021, TECO 2030 signed a supply frame agreement with Chemgas Shipping for the delivery of fuel cell modules to the Dutch shipowner's new hydrogen-powered tugboats and transport barges, which will operate on Europe's second longest river, the Danube. The deal could lead to the delivery of fuel cell modules with a combined capacity of up to 200 megawatts. Chemgas Shipping plans to install fuel cell modules from TECO 2030 on up to 120 transport barges and between 40-60 tugboats. The exact number remains to be decided, and purchase orders outlining the price and delivery time for the fuel cells will be signed for each individual ship over the next few years. The economic potential of this framework agreement is large for TECO 2030 and may lead to revenues of up to 150 million Euros over the next three to eight years.

- On 21 October 2021, TECO 2030 signed a strategic cooperation agreement the Faculty of Engineering Science and Technology at UiT, The Arctic University of Norway, to cooperate on enhancing research and education in Norway on hydrogen and fuel cells. UiT offers courses in hydrogen and fuel cells, and it has a campus in Narvik, where TECO 2030 is currently working to set up Norway's first large-scale production of hydrogen fuel cells, the TECO 2030 Innovation Center. As part of the agreement, TECO 2030 will contribute to improving UiT's research and education in the field of hydrogen fuel cells. TECO 2030 will also give UiT researchers and students the opportunity to use the fuel cell element testing facilities at the TECO 2030 Innovation Center during periods when they are not used in the production of fuel cells.

- On 25 October 2021, TECO 2030 was granted NOK 50 million in Norwegian government support for its development of hydrogen fuel cells in Narvik. The support was granted by Innovation Norway, which is the Norwegian government's most important instrument for innovation and development of Norwegian enterprises and industry. The funding awarded to TECO 2030 is the highest amount that Innovation Norway has granted to one single project so far this year. A prerequisite for receiving the support is that TECO 2030 raises around NOK 160 million in additional funding from other investors before the end of March 2023

Financial Statements

Statements of Comprehensive Income

Amounts in NOK'000	Q3/21	YTD/21	01.01.2020 - 31.12.2020
Sales Revenue from Maritime Equipment	1,479	11,009	1,211
Other Revenues	730	1,967	972
Total Revenues	**2,209**	**12,976**	**2,183**
Costs of goods sold	-986	-8,834	-691
Personnel expenses	-9,370	-25,304	-11,232
Other operating expenses	-3,696	-10,702	-14,861
Total operating expenses	**-14,052**	**-44,839**	**-26,784**
EBITDA	**-11,843**	**-31,864**	**-24,601**
Depreciation and amortisation	-2,435	-4,357	-1,969
Operating Result	**-14,278**	**-36,220**	**-26,570**
Finance income	228	580	683
Finance cost	-921	-1,065	-1,335
Net financial income (expense)	**-693**	**-485**	**-652**
Loss before tax	**-14,971**	**-36,705**	**-27,221**
Income tax expense	-84	-77	-7
Loss for the period	**-15,055**	**-36,782**	**-27,229**
Other comprehensive income:			
Items that will be reclassified to profit or loss	-19	-81	29
Total other comprehensive income for the period	**-19**	**-81**	**29**
Comprehensive income for the year	**-15,073**	**-36,863**	**-27,199**
Earnings per share			
Basic EPS, profit for the period attributable to ordinary equity holders	-0.12	-0.29	-0.56
Diluted EPS, profit for the period attributable to ordinary equity holders	-0.12	-0.29	-0.56

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

Statements of Financial Position

Amounts in NOK'000	YTD/21	12/31/2020
ASSETS		
Non-current assets		
Property, plant and equipment	1,033	376
Intangible assets	27,873	19,511
Goodwill	2,417	2,483
Restricted deposits	2,900	-
Right-of-use assets	83,540	1,112
Finance lease receivables	33,198	-
Total non-current assets	**150,961**	**23,482**
Current assets		
Inventories	6,635	6,084
Trade and other receivables	14,191	8,729
Other current assets	1,625	355
Current financial lease receivables	3,067	-
Cash and cash equivalents	11,844	43,717
Total current assets	**37,361**	**58,885**
TOTAL ASSETS	**188,322**	**82,367**

Amounts in NOK'000	YTD/21	12/31/2020
EQUITY AND LIABILITIES		
Equity		
Share capital	1,272	1,200
Share premium	114,153	83,785
Other reserves	4,233	450
Currency translation differences	-52	29
Retained earnings	-66,633	-29,850
Total equity	**52,974**	**55,614**
Non-current liabilities		
Non-current lease liabilities	117,711	223
Other non-current liabilities	375	-
Total non-current liabilities	**118,086**	**223**
Current liabilities		
Current lease liabilities	3,672	894
Interest-bearing loans and borrowings	1,623	1,623
Convertible bonds	-	10,000
Trade and other payables	7,969	10,137
Current tax payables	75	-
Other current liabilities	3,923	3,876
Total current liabilities	**17,262**	**26,530**
Total liabilities	**135,348**	**26,753**
TOTAL EQUITY AND LIABILITIES	**188,322**	**82,367**

The interim financial information has not been subject to audit.

Statements of Cash Flows

Amounts in NOK'000

Cash flows from operating activities	Q3/21	YTD/21	01.01.2020 - 31.12.2020
Loss before tax	**-14,978**	**-36,705**	**-27,221**
Adjustments to reconcile profit before tax to net cash flows:	-		
Net financial income/expense	693	485	-202
Other financial income	-	-	-350
Conversion rights	-	-	450
Share based expense	1,574	4,233	-
Depreciation, amortisation and impairment	2,435	4,357	1,969
Changes in working capital:	-	-	-
Changes in trade receivables and other receivables	-4,051	-5,462	83
Changes in trade and other payables	-260	-2,168	6,489
Change in inventories	58	-550	-6,084
Changes in other current assets and current liabilities	698	-911	747
Net cash flows from operating activities	**-13,830**	**-36,722**	**-24,120**
Cash flow from investing activities			
Purchase of property, plant and equipment	-267	-835	-292
Investment in business combinations, net of cash acquired	-	-	-5,725
Transaction cost business combinations	-	-	-100
Development expenditures	-5,623	-10,422	-13,269
Placement in deposit	-	-2,900	-
Interest received	-	-	67
Net cash flows from investing activities	**-5,890**	**-14,157**	**-19,319**

Cash flows from operating activities	Q3/21	YTD/21	01.01.2020 - 31.12.2020
Cash flow from financing activities			
Net proceeds from issuance of equity	-	20,000	74,885
Proceeds from convertible debt	-	-	10,000
Repayment of principal	-	-	-6,934
Repayment of interest	-	-	-141
New borrowings in connection with business combination	-	-	6,134
Proceeds from public funding	-	375	-
Cash payments for the principal portion of the lease liability	-516	-971	-446
Cash payments for the interest portion of the lease liability	-942	-970	-32
Cash received for the principal portion of the sublease receivables	452	452	-
Cash received for the principal portion of the sublease receivables	118	118	-
Net cash flows from financing activities	**-887**	**19,005**	**83,466**
Net increase/(decrease) in cash and cash equivalents	-20,607	-31,873	40,027
Cash and cash equivalents at beginning of the period	32,450	43,717	3,690
Cash and cash equivalents, end of period	**11,844**	**11,844**	**43,717**

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

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

Statements of Changes in Equity

Amounts in NOK'000	Share capital	Non registered capital	Share premium	Other reserves	Currency translation differences	Retained earnings	Total equity
Balance at 30 September 2019 (date of incorporation)	**-**		**-**	**-**	**-**	**-**	**-**
Issuance of share capital at inception	100	-	-	-	-	-	100
Issuance of share capital	11	-	9,989	-	-	-	10,000
Profit (loss) for the period	-	-	-	-	-	-2,622	-2,622
Other comprehensive income	-	-	-	-	-	-	-
Balance as of 31 December 2019	**111**	-	**9,989**	-	-	**-2,622**	**7,478**

Amounts in NOK'000	Share capital	Non registered capital	Share premium	Other reserves	Currency translation differences	Retained earnings	Total equity
Balance at 1 January 2020	**111**	**-**	**9,989**	**-**	**-**	**-2,622**	**7,478**
Issuance of shares 19.08.2020	889	-	-889	-	-	-	-
Issuance of shares 09.10.2020	200	-	79,800	-	-	-	80,000
Transaction costs - Issuance of shares	-	-	-5,115	-	-	-	-5,115
Conversion rights	-	-	-	450	-	-	450
Profit (loss) for the year	-	-	-	-	-	-27,229	-27,229
Other comprehensive income	-	-	-	-	29	-	29
Balance as of 31 December 2020	**1,200**	**-**	**83,785**	**450**	**29**	**-29,850**	**55,614**

Amounts in NOK'000	Share capital	Non registered capital	Share premium	Other reserves	Currency translation differences	Retained earnings	Total equity
Balance as of 31 December 2020	**1,200**	**-**	**83,785**	**450**	**29**	**-29,850**	**55,614**
Issuance of shares 13.01.2021	40	-	9,950	-	-	-	9,990
Issuance of shares 26.06.2021	32	-	19,968	-	-	-	20,000
Share-base payment options	-	-	-	4,233	-	-	4,233
Transaction costs - Issuance of shares	-	-	-	-	-	-	-
Conversion rights	-	-	450	-450	-	-	-
Profit (loss) for the year	-	-	-	-	-	-36,782	-36,782
Other comprehensive income	-	-	-	-	-81	-	-81
Balance as of 30 September 2021	**1,272**	**-**	**114,153**	**4,233**	**-52**	**-66,633**	**52,974**

zero emission in the future

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