TECO 2030

Annual Report 2022

Contents

In Brief

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

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

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

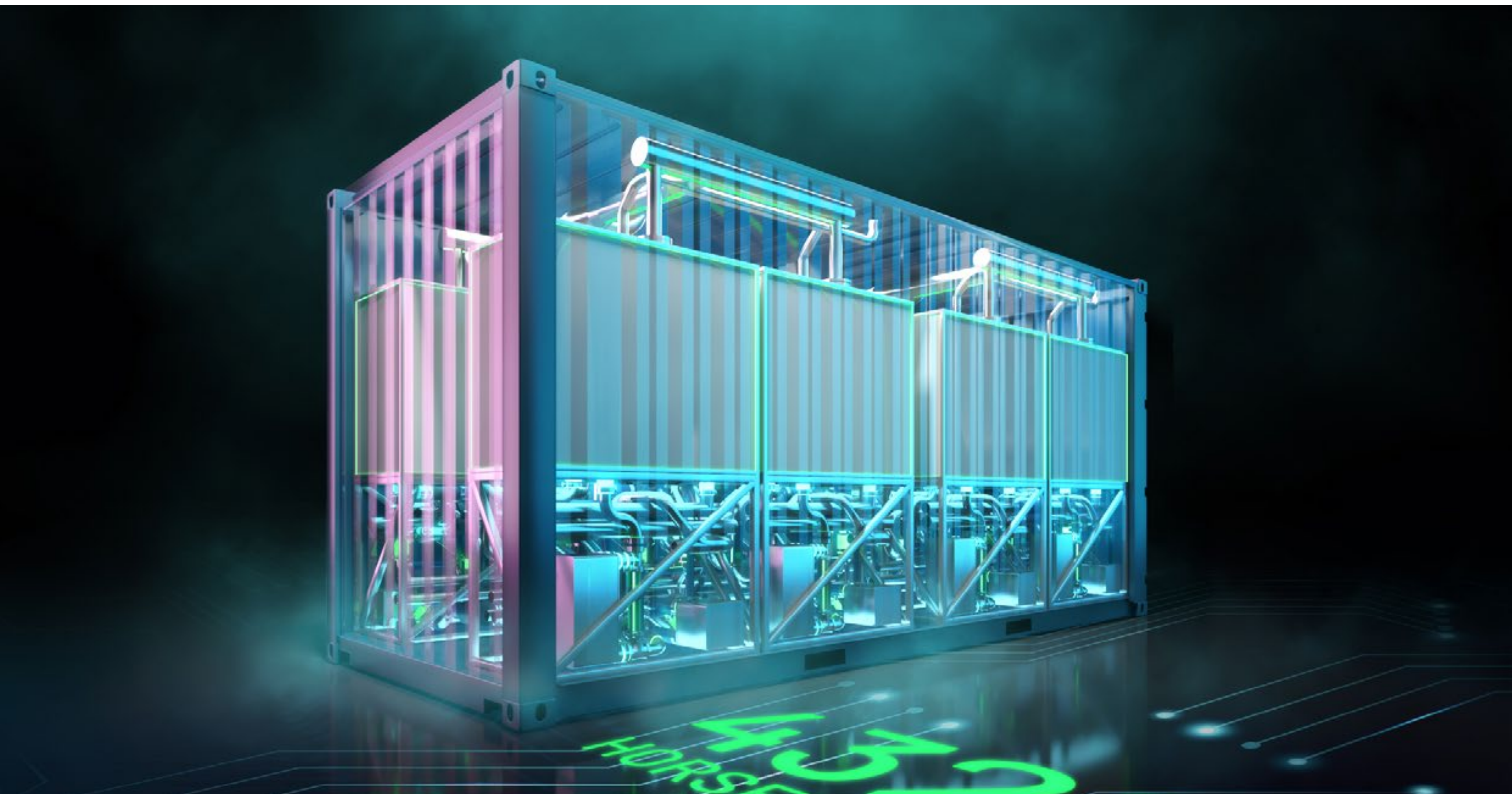
TECO 2030 firmly believes that hydrogen will be part of the solution to combat climate change and that hydrogen fuel cells will be key to reducing and eliminating greenhouse gas emissions from shipping.

TECO 2030 is building up Europe's first Giga production facility of hydrogen PEM fuel cell stacks and modules in Narvik, Norway. The production capacity will be built up through 2023 and early 2024, targeting an output capacity of up to 80 MW of fuel cells in 2024, 400 MW in 2025 and 1.6 GW in 2030.

28 years of experience in maritime technology and services

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

TECO 2030 is headquartered at Lysaker, just outside of Oslo, and was listed on Euronext Growth on Oslo Stock Exchange in October 2020. The company had 40 employees as of December 31st 2022.



Letter from the CEO

In 2022, TECO 2030 broke barriers and reached a new phase in the history of the company. We are now transitioning from development to small-scale industrialization at a healthy pace. Reflecting on our journey;

We can start at the end of the year: On December 14th, we were able to physically touch the first TECO 2030 fuel cell stack in Vancouver, at the facility of our development partner AVL. This is the world's first fuel cell stack purposely developed for marine and heavy-duty applications. This was a fantastic moment for the entire team, as well as a sign of the exciting things about to happen in 2023.

However, this was not the only highlight of 2022.

In June, we launched the HyEkoTank project with a consortium including Shell and Tarbit Shipping AB, which is the world's first large-scale marine fuel cell project. Since then, we have been awarded EUR 5 million by the European Union to develop and retrofit a product tanker with 2.4MW of TECO 2030 fuel cells. The hydrogen-powered tanker will allow zero emission at berth and up to 100 percent reduction of greenhouse gas emissions during voyage.

Moving from the sea to road traffic, AVL invited TECO 2030 into the HyTruck project with the first DemoTruck, which will be rolling on European roads during the end of 2023, powered by TECO 2030 fuel cell stacks.

We also made significant progress towards mass manufacturing at our planned fuel cell factory in Narvik, Norway. A highlight was signing the contract with Thyssenkrupp for the production line. The equipment will be validated and completed in Bremen before shipment to Narvik, which will take place as early as possible in 2024.

To handle the coming ramp-up, we almost doubled our staff in 2022, adding resources to all offices, including Lysaker, Narvik, Miami and Singapore.

Looking beyond the progress of TECO 2030 as a company, the policy backdrop remains highly supportive. The EU's transition towards net zero has not been derailed by Russia's using energy as a weapon. On the contrary, the tragic events of 2022 have made even clearer the need to transition to renewable energy.

A milestone in 2022 was the EU's decision to include shipping in the carbon quota trading system. While this approach is technology-neutral, it will make emissions costlier and costlier, stimulating low- and zero-emission energy technologies. There is no doubt in my mind that fuel cells will play a key part in decarbonizing shipping, as electrical batteries will not be practical beyond short distances.

Fuel cell technology remains TECO 2030's most ambitious project, but I am also proud to note the progress made by our other environmental technologies. A highlight was definitely the first order for our Future Funnel next-generation marine emission-reduction system. While the end goal is zero-emission maritime propulsion, the Future Funnel will significantly reduce emissions of sulphur oxides, nitrogen oxides, black carbon, and particulate matter from combustion engines.

These exciting developments are reflected in our share price, which more than doubled during 2022, an otherwise difficult year for growth stocks due to increasing interest rates. In May 2022, the TECO 2030 share became more liquid in the USA and Canada through a listing on OTC Markets' OTCQX trading platform. This means US and Canadian investors can access the TECO 2030 stock easily and cost-effectively. During the year, we have also managed to raise capital from both equity and bond investors who see potential in TECO 2030. Most notably, the US company SunHydrogen made a strategic investment in TECO 2030 and joined our board of directors.

On another note, during 2022, we slowed down the developments of the carbon capture and storage (CCS) technologies. CCS is still something we would like to pursue; however, this is a few years away. All resources have been focusing on the fuel cell development and industrialization project during most of 2022. The primary goal now is to achieve the milestones needed towards reaching our ambitious PEM fuel cell production targets in the years to come.

All the achievements completed during the past year puts us in an excellent position as we look ahead to 2023. Our fuel cells will be deployed in pilot projects throughout the next year, while Narvik will start production with an incremental ramp up of manual stack and module assembly within the next few months.

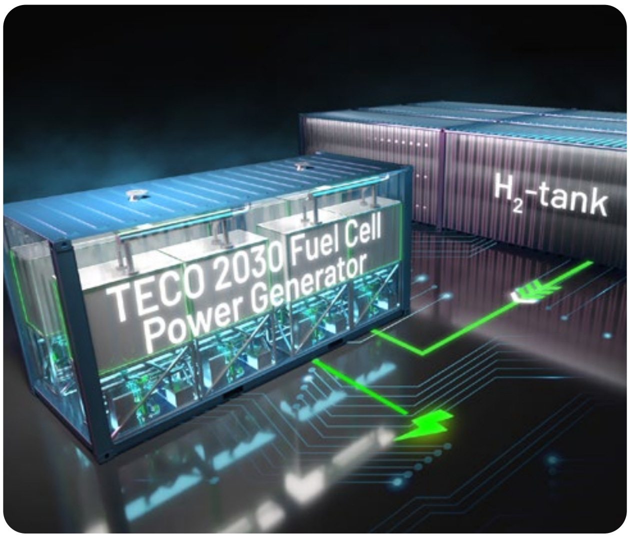
I feel confident that 2023 will be another exciting year for TECO 2030 and our stakeholders as we continue to pursue our mission of zero-emission!

Lysaker, Norway, April 27th 2023

Tore Enger
Chief Executive Officer

Business Areas

TECO 2030 operates within these two segments:



Marine & Heavy Duty
Hydrogen Fuel Cells

Future Funnel
SOx, NOx and PM

Hydrogen 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 Fuel Cell is the first fuel cell system in the world that is specifically designed for use in heavy-duty and marine applications.

With our fuel cell technology, heavy machinery and ships can operate emission-free, whether it is a stationary, portable, mobile or motive applications. By replacing one or more of the combustion applications with a TECO 2030 Fuel Cell, ships, trucks, buses, generators, and other energy applications can operate emissions-free.

For example, in the maritime industry, the TECO 2030 fuel cells will enable vessels that are operating in international waters to comply with any emission regulations they may encounter when crossing national borders or in domestic waters. Hydrogen fuel cells can also be used during port stay, loading and discharging, enabling zero-emission operation at berth without having to connect the ship to an onshore power supply.

The TECO 2030 Fuel Cell can also be used in other large land-based vehicles and applications, such as trucks and equipment used on construction sites. The fuel cell system will function similar to an engine or a generator that is powered by diesel or other oil-based fuels with hydrogen as the fuel instead and may therefore be emissions-free if green hydrogen is used.

The TECO 2030 Marine Fuel Cell will be delivered in stacks of 100kW or 400kW modules (FCM400TM). The modules can easily be connected to enable system configurations 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. The fuel cells 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 Fuel Cell System and its Fuel Cell Module FCM400TM, confirming that these are safe to use onboard ships.

Through 2022, TECO 2030 has reached new development milestones on the fuel cell, production site in Narvik and various projects. These are some of the highlights:

Signed cooperation agreement for conducting business in the Kingdom of Saudi Arabia

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

Received grant for high-speed vessel concept

TECO 2030 has, together with partners, received 5 MNOK funding for developing the high-speed vessel of the future. The vessel will combine the class-leading fuel cell systems from TECO 2030 and energy efficient catamaran design with SES technology from Umoe Mandal. The vessel will have the capacity to transport 200-300 passengers at speeds above 35 knots while sailing over a longer distance with zero emissions.

New product segment unveiled with heavy-duty trucks

TECO 2030 and AVL List GmbH have signed a collaboration agreement where TECO 2030s fuel cell stacks will be deployed in AVL's DemoTruck which is powered by the HyTruck Fuel Cell System. The DemoTruck will be on the road mid-2023 with fuel cell stacks powered by TECO 2030. During the final months of 2022, TECO 2030 signed a LOI with AVL on behalf of an undisclosed truck customer for delivery of fuel cell stacks to 30 trucks based on the AVL HyTruck platform. The delivery is to start at the end of 2023.

"I am really excited to see the TECO2030 stacks perform in an additional heavy-duty application other than marine. With the carbon plate stack design, we laid the foundation for pretty much everything heavy duty and it is absolutely key to find these common denominators across industries" said Falko Berg, Manager PEM Systems at AVL List Gmbh.

Wins innovation award

TECO 2030 wins award at the ZeroEmission@Berth innovation competition hosted by nine Northern German ports. The TECO2030 Power Barge is a concept for a floating zero-emission power supply for powering of ships at berth and at anchor in ports with hydrogen infrastructure.

Received EUR 5 million in funding from EU's funding scheme

TECO 2030, along with Shell and other partners, constructed a consortium which has been granted EUR 5 million from Horizon Europe for its HyEkoTank project. The project will retrofit an 18.600 DWT product tanker with a 2.4 MW fuel cell system by TECO 2030 and 4000 kg compressor hydrogen storage. Planned project startup is February 2023, with fuel cell delivery in 2024.

Received contract for 0.8MW pilot project from Implenia AS

Infrastructure contractor Implenia Norway placed an order for their HydroPilot project of two FCM400 hydrogen fuel cell modules. The initial order is worth NOK 20 million, with an option of installing two additional FCM400 systems with complete power and automation equipment. If option is exercised the total contract value is NOK 30 million.

Signed fuel cell stack production equipment contract

TECO 2030 signs contract with thyssenkrupp Automation Engineering GmbH for delivery of the first complete fuel cell stack production line at TECO 2030 Innovation Center in Narvik, Norway.

Completed production of the first fuel cell stack

In December 2022, TECO 2030 produced it’s first fuel cell stack at AVL’s premises in Vancouver, Canada. The PEM fuel cell stack is a key component in the 400kW TECO 2030 fuel cell module, FCM400™.

“It’s amazing to be able to physically touch the first TECO 2030 fuel cell stack. I would like to thank all the team members at TECO 2030 and our development partner AVL who have worked hard to ensure this project has progressed according to schedule over the past months and years, enabling us to proceed with several pilot projects during 2023.” says Tore Enger, CEO of TECO 2030.

Future Funnel

Exhaust gas cleaning systems can also help to reduce harmful 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 (BC), particles (PM), and CCS ready, 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.

Ballast Water Treatment Systems

Through 2022, TECO 2030 sold some ballast water treatment systems (BWTS). The focus on delivering BWTS systems to clients will be reduced through 2023, as it is a clear vision of the company to focus on fuel cells for the ocean and land-based industries.

TECO 2030 currently have agreements in place to sell systems to shipowners as a third party supplier. However, going forward TECO 2030 will not be actively seeking deployment of such systems.

The ballast water treatment systems powered by TECO 2030 are designed and produced by the French BIO-UV Group and by Denmark's Desmi Ocean Guard.

Background:

Maritime industry facing stricter regulations

International shipping is an important enabler of world trade but also causes greenhouse gas emissions and pollution. The industry is therefore facing increasingly stringent environmental restrictions as shipping has a significant environmental footprint due to its heavy use of fossil fuels, which releases carbon emissions and contributes to climate change. Other environmental impacts of shipping include air pollution, oil spills, and ocean acidification. To reduce the environmental footprint of shipping, some initiatives have been proposed, such as increased use of renewable energy sources, implementation of more efficient shipping technologies, and development of green ports.

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

To create a more sustainable maritime industry, the International Maritime Organization (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, many ships will soon have to pay to pollute

The European Union (EU) has set ambitious goals to reduce greenhouse gas emissions from the shipping sector. The EU aims to cut emissions by at least 40% by 2030 compared to 2005 levels, and to become climate-neutral by 2050. To achieve these goals, the EU has introduced a range of measures, including the integration of shipping into its emissions trading system (ETS), the development of alternative fuels and propulsion technologies, and the promotion of energy efficiency measures. The EU also advocates for global action to reduce emissions from the shipping industry, including through the International Maritime Organization (IMO).

One of the Commission's proposals is to include international shipping in the EU Emissions Trading System (ETS). This proposal is still on the table and is expected to enter effect no later than 2024.

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 from international destinations.

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 EU is also taking steps to reduce emissions from ships operating on rivers in Europe. In June 2021, the EU Commission put forward the Naiades 3 action plan, which is intended to both shift more freight transport to the European inland waterways and to facilitate the transition towards zero-emission inland waterways transport.

Green transition in the Norwegian maritime industry

Norway aims to reduce emissions from domestic shipping by at least 50% by 2030, compared with 1990. This target should be reached through a stronger focus on the development of low- and zero-emission solutions and by setting emission requirements for ships operating on Norwegian fjords.

Norway plans to introduce requirements for low- and zero-emission solutions in public tenders to speed up the green transition in the maritime industry. Such requirements will be introduced in 2023 in new public tenders for ferry connections and in 2025 for high-speed vessels.

Moreover, from 2026 only zero-emission cruise ships and ferries will be allowed entry into the Norwegian world heritage fjords.

Background:

Fuel cells are hydrogen engines

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, thereby reducing greenhouse gas emissions.

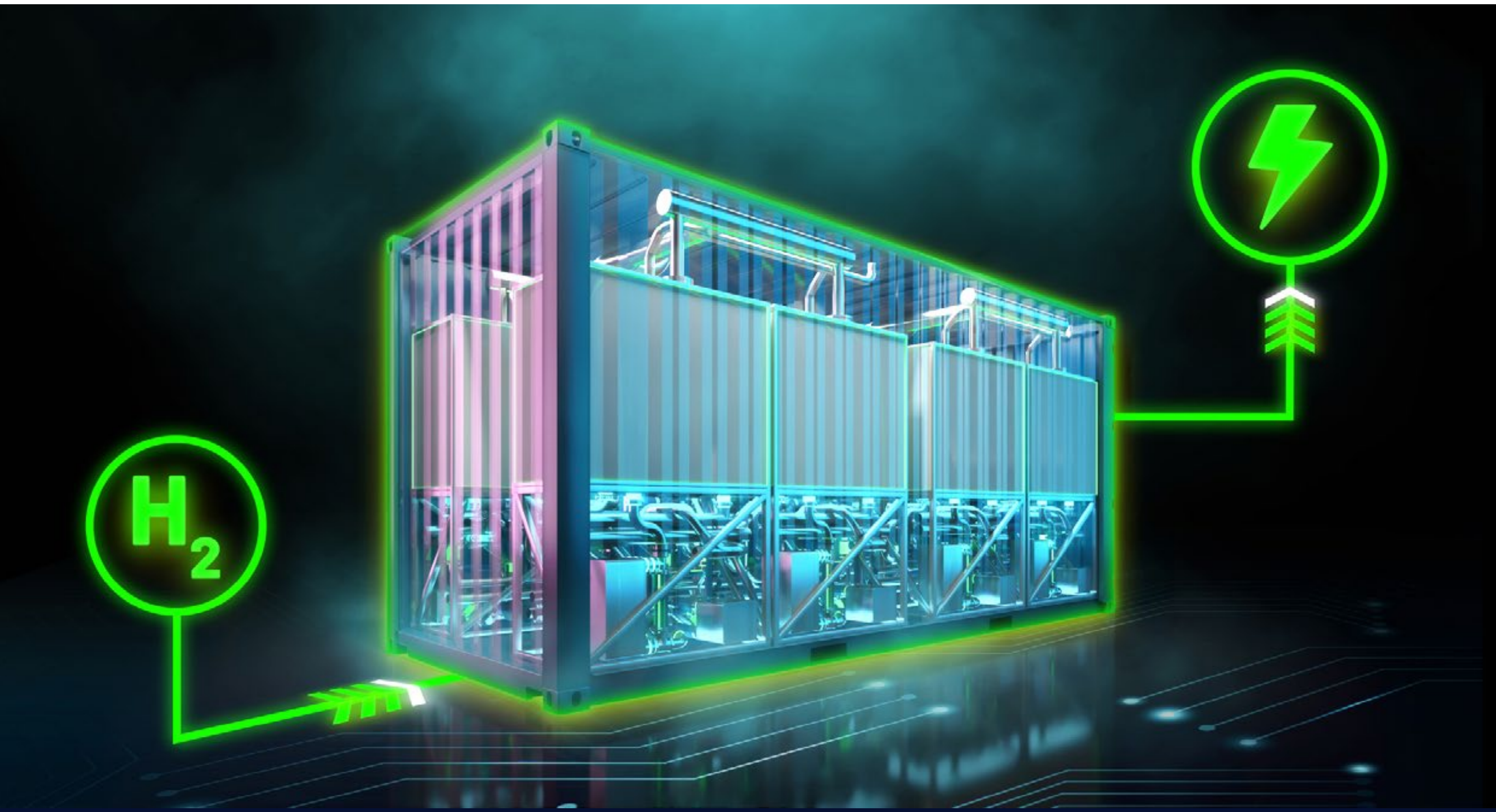
Several countries have in the last couple of years adopted their own hydrogen strategies, and the EU has announced that the use of hydrogen and other innovative energy carriers will play a key role in achieving the goal of reducing Europe's emissions by 55% by 2030.

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.



Background:

Narvik as the heart of the green transition

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 TECO 2030 Innovation Center in Narvik on 1 July 2021. The company is now working on setting up the new plant, which will become Norway's first large-scale production of hydrogen fuel cells. The first manual stack production in Narvik is scheduled to start in May 2023 while modules will be assembled from Q3 2023.

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

Northern Norway is the perfect place to establish TECO 2030's new combined fuel cell factory and innovation centre. The region is endowed with an abundance of renewable energy and has among the lowest electricity prices in both Norway and Europe.

Found the perfect building in Narvik

In the city of Narvik, TECO 2030 found the perfect building for the new plant. Instead of building a new building, the company was able to take over one that already existed and was available. In addition to reducing the costs and risk involved in setting up the plant, this solution is also much better for the environment.

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 the new TECO 2030 Innovation Center in Narvik. TECO 2030 hopes and believes that its establishment will create significant ripple effects in the city and region related to hydrogen and other climate-friendly energy sources and technology.

1.6 GW of fuel cells

The goal is that by 2030, the factory will be able to produce up to 1.6 GW of fuel cells every year, which could lead to several billions of NOK in annual turnover.

1.6GW of fuel cells can generate a significant amount of electricity. The exact amount of power generated will depend on several factors, including the efficiency of the fuel cells, the type of fuel used, and the operating conditions. However, as a rough estimate, 1.6GW of fuel cells could generate enough electricity to power around 1.6 million homes, assuming an average household power consumption of 1 kW. When ships replace their diesel engines with this amount of fuel cells, the result will be annual emission savings of around 5 million tonnes of CO_2.

That is equivalent to the total annual emissions of approximately 1 million diesel and petrol cars, according to numbers from the U.S. Environmental Protection Agency.

Value creation in northern Norway

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.

Sustainability is in TECO 2030's DNA, and going forward, the company will do its best to be as environmentally friendly as possible and to use local and Norwegian suppliers whenever possible.

The production of fuel cells for use within the maritime industry is still in its early stages. TECO 2030 will therefore seek to cooperate with universities and research organisations with the aim to increase competence in Norway in the production of fuel cell systems.

TECO 2030 has signed an agreement with UiT The Arctic University of Norway – which has a campus in Narvik – to cooperate on enhancing research and education in Norway on hydrogen and fuel cells.

As part of the agreement, TECO 2030 will, in cooperation with UiT, give research communities 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.

Background:

Stringent emission regulations in place worldwide

Local governments all over the globe are imposing regulations to mitigate climate change. Both on land and at sea. TECO 2030 is well equipped with leading PEM fuel cell solutions for ships and other heavy-duty applications with an ultimate goal of a zero-emission future.

Heavy industries are today the largest emitters of harmful gases and one of the principal contributors towards the global warming. The fact of climate change has been proved globally, and needs attention.

TECO 2030 aims to be a leading contributor in zero-emission technologies for heavy industries.

Emission regulations vary across the world, with each region having its own set of rules and standards. However, there is a global trend towards stricter emissions standards and regulations in order to reduce greenhouse gas emissions and improve air quality. Many countries have implemented emissions standards for vehicles, power plants, and industrial facilities, with a focus on reducing emissions of pollutants such as nitrogen oxides (NO_x), particulate matter (PM), and carbon dioxide (CO_2). Additionally, international agreements such as the Paris Agreement and the Kyoto Protocol have set emissions reduction targets for participating countries. While there are still differences in specific regulations, the global trend towards reducing emissions highlights the importance of addressing the issue on a global scale.

Emission regulations in Europe are among the strictest in the world, with a focus on reducing air pollution and greenhouse gas emissions. The EU has implemented emissions trading schemes, which set a cap on greenhouse gas emissions from industrial facilities and allow companies to trade emissions allowances. The EU has also set targets for reducing greenhouse gas emissions, with a goal of becoming climate-neutral by 2050. The EU's emission regulations serve as a model for other regions of the world and highlight the importance of addressing air pollution and climate change through targeted regulations and policies.

Report from the Board of Directors

History and background

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

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

TECO 2030 ASA was established in 2019 whereas the Group was established in 2020. In October 2020, TECO 2030 went public on Euronext Growth Oslo. During 2022, the Company raised NOK 93.6 million in new equity and NOK 101.8 million in a convertible bond loan. Since the listing in October 2020, the Company has successfully raised a total of approx. NOK 270 million in new equity and another NOK 101.8 million in bond loan to secure its ongoing development programs and to pursue its growth strategy. The share price closed at NOK 10.92 on 31st December 2022, up by approx. 129 % from the previous year-end.

Operations, research and development

During 2022, the number of employees in TECO 2030 grew by 17 to a total of 40. The employees are spread over four locations: Lysaker/Oslo, Narvik, Miami and Singapore. Despite the increase in number of employees, the organization is still considered to be lean. TECO 2030 has a strong focus on employing people with a proactive approach and who are searching for improved solutions towards our common goal: a cleaner and better environment. In order to reach our ambitious goal, TECO 2030 is in a continuously need for new and competent employees and the organisation will continue to grow significantly throughout 2023 and the years to come as the Group is preparing itself for industrial production of fuel cells in Narvik, continued product development, and large upcoming customer projects.

The primary focus for the TECO 2030-group is the development of the TECO 2030 PEM Fuel Cells for marine and heavy-duty applications. The development program is implemented partly in the separate group-company TECO 2030 Power Systems AS.

Further, the Group has the following products for sale:

- TECO 2030 Future Funnel (through TECO 2030 Future Funnel AS)

- TECO 2030 Ballast Water Treatment Systems

Strategy

TECO 2030's primary goal is to become a leading provider of green technology for the heavy-duty industry. By developing tomorrow's technology today in close cooperation with sophisticated and experienced partners and the industries, TECO 2030 aims to become a profitable and successful player in the important shift towards greener and cleaner marine and heavy-duty industries.

IMO predicts an increase in maritime global trade by 50- 250% by 2050. Despite this increase, IMO has a goal of reducing CO_2 emissions by at least 40% by 2030, and 70% by 2050 when comparing to 2008 emission levels. TECO 2030 has a goal of being a preferred provider for ship owners to meet these goals through strategic partnerships. Such collaborations provide TECO 2030 with the possibilities to develop leading industry technologies that will help ship owners comply with IMO's emission regulations.

Although ramping up quite heavily, TECO 2030 will maintain a lean, highly skilled, and efficient organization and rather purchase services and competence from cooperating partners whenever this seems adequate. This will enable the Group to reach its ambitious targets without building an oversized internal R&D organization.

Through this strategy, TECO 2030 reduces the Company's financial and operational risk as it enables the Company to select between various technological developments before committing itself to significant expenses. TECO 2030's strategy of being a lean organization and flexible in terms of new developments provides the Company with good foundation for cash flow and increased financial flexibility.

TECO 2030-Group Consolidated financial position and cash flow

Statements of Comprehensive Income

As the Group is still developing its core product and has very limited sales, it is still considered to be in a start-up phase. 2022 was the Group's second year of full operation.

The Group's revenues of NOK 12.6 million (2021: NOK 12.8 million) comes primarily from the sale of ballast water treatment systems delivered during the year. The sale of ballast water treatment systems will not be prioritized in 2023 as the Group will focus on sale of its own developed PEM fuel cells. The Group's total operating expenses were NOK 94.5 million which represents an increase of NOK 26.8 million from 2021 (NOK 65.1 million). These expenses are primarily made up of NOK 37.9 million of Personnel expenses (2021: 32.2 million) and NOK 35.7 million in Other operating expenses (2021: NOK 16.6 million). The relatively large increase is a function of the general and planned ramp-up within the Group, including an almost doubling of the number of employees. The Group's depreciation and amortization expenses in 2022 were NOK 12.9 million. This represents an increase of NOK 5.6 million from 2021. Most of the depreciations are related to the development of the future funnel, which was considered complete in 2020, and the leasing contracts in Narvik and Lysaker/Oslo. The Group's operating loss was NOK 81.9 million (2021: NOK – 52.3 million).

Net financial expenses/loss increased from approx. NOK - 0.6 million in 2021 to NOK - 11.1 million in 2022. The finance cost is primarily related to interest expenses on the Company's convertible bond loan issued in June 2022, leasing expenses and net loss on foreign currency exchanges.

The total loss after tax for the year was NOK 93.1 million (2021: NOK 53 million).

Statements of Financial Position

Total assets as per year-end 2022 was NOK 356.4 million, an increase of NOK 95.6 million from 2021. The increase is primarily related to an increase of NOK 97 million in intangible assets, of which NOK 89.3 million are related to capitalized development expenses throughout the year. Right-of-use assets (NOK 95.6 million) and finance lease receivables (NOK 13.9 million) are related to the Group's production facility in Narvik and the head office on Lysaker/Oslo.

The Group's cash position at the end of the year was NOK 47.2 million (2021: NOK 59.6 million) and contained free cash, primarily in NOK and USD.

In June 2022, the Company issued a convertible bond loan. During the first tranche a total of NOK 70.6 million was raised. In November, another NOK 31.2 million was raised in a second tranche, increasing the loan to NOK 101.8 million. The amortized cost carrying value of the convertible bond as of 31 December 2022 is NOK 93.2 million.

The Group's total equity amounts to NOK 102.1 million, a reduction of NOK 2.5 million compared to 2021. Throughout 2022 TECO 2030 raised a total of 93.6 million in new equity through four private placements which are described elsewhere in the annual report. The equity/total assets ratio has been reduced from 40.1 % in 2021 to 28.6 % in 2022.

Statements of Cash Flows

The cash flow from operating activities was NOK - 79.4 million in 2022, a reduction from NOK - 38 million in 2021. and in line with the increased operating expenses in 2022.

The cash flow spent on investing activities during 2022 increased by NOK 67.7 million to NOK 104.4 million compared to NOK 35.4 in 2021. Of these, NOK 89.3 million was spent on development of own products, primarily the PEM fuel cells.

Cash flow from financing activities was NOK 171.4 million in 2022 (2021: NOK 90.6 million). This cash flow is primarily a result of the Group's four private placements of totally NOK 93.6 million and the issuance of the convertible bond loan of NOK 101.8 million reaching an aggregated net proceeds of NOK 181.3 million (private placements and bond loan combined) This represents an increase in cash flow from financing activities of NOK 80.7 million compared to 2021 when the Group raised a total of NOK 96.2 million through three private placements.

Total cash at the end of 2022 was NOK 47.2 million (2021: NOK 59.6 million).

TECO 2030 ASA

TECO 2030 ASA is the parent company in the Group. The company has six employees. By the end of 2022, the Company is still involved in project developments, primarily related to the Innovation Norway-supported fuel cell project. Revenue amounted to NOK 2.8 million which relates to sub-lease of offices on Lysaker. Total operating expenses were NOK 43.5 million in 2022 compared to NOK 31.7 million in 2021. These expenses are partly a consequence of a full year of rental expenses in Lysaker/Oslo and the general ramp-up in the Company and the Group. The Company's operating loss in 2022 was NOK 40.5 million versus NOK 27.2 in 2021.

As per end of 2022 The Company's total assets were NOK 398.4 million. This represents an increase of NOK 170.2 million from the previous year. The increase is primarily related to an increase of NOK 159.8 million in receivables from group-companies (NOK 239.9 million). These receivables are based on proceeds from the Group's funding activities throughout the year which has been borrowed to subsidiaries to finance their operations and development programs during 2022.

The Company's total equity was NOK 191.6 million which, despite the operating loss of NOK 40.5 million, represents an increase of 50.4 million from 2021. This increase relates to the four private placements which took place in 2022. The equity ratio is 48.1 % down from 61.9 % in 2021.

The Company's non-current debt increased by NOK 142.8 million from NOK 35.6 million in 2021 to NOK 178.4 million in 2022. The increase relates to the convertible bond loan issued in 2022 and an increase in non-current liabilities towards subsidiaries.

The Company's net cash position as of 31 December 2022 was NOK 42.2 million, down from NOK 57.3 million in 2021. Through issuance of new equity and a convertible bond loan the Company raised a total of NOK 181.3 million in net proceeds during 2022 leading to a net cash flow from financing activities of NOK 176.9 million. Net cash flow from operating activities was NOK - 178.8 million which mainly relates to loans to subsidiaries, whereas net cash flow from investing activities was NOK - 13 million.

The BoD proposes the net loss of NOK 40,492,636 to be allocated to Losses brought forward.

The financial statements are prepared in accordance with IFRS as adopted by the EU.

Risk factors

The TECO 2030 Group is, like all companies and groups of companies, subject to several risk factors. TECO 2030 is, despite the extensive experience represented by the BoD, employees and major shareholders, a young group of companies, a fact which by itself represents and increases a number of risk factors compared to companies with a longer track record. Limited history will entail increased risk within certain areas and provide challenges that are rarely relevant to established companies. On the other hand, this might also be an advantage as the Group, for instance, does not carry with it historical obligations and associated risks.

Risk factors that are especially relevant for TECO 2030 include:

- Development risk related to the technical development of the Group's technology and product portfolio.
- Market risk related to the fact that the Group's main product portfolio consists of new technologies to the marine industry.
- Risks related to regulations and political risk as the and risks related to key personnel and competence.
- Liquidity- and funding risk related to the Group's ability to fund its future growth strategy.
- Climate change risk which may impose increased cost at all levels within the value chain, including increased challenges in local and international transportation of goods.

Further, the Group is exposed to various financial risks such as foreign exchange risk, interest risk, credit risk, and liquidity and financing risk. The risk factors are thoroughly described in note 4.5 of the financial statements.

The BoD and management team of TECO 2030 are monitoring the various risk factors in order to control these and to foresee and prevent various sources of risks from becoming critical.

Working environment and external environment

At the end of 2022, the Group had a total of 40 full-time equivalents. Absence due to illness during 2022 was approximately 1.55% for the TECO 2030 Group and is considered satisfactory. The BoD considers the working environment to be healthy and good. The market in which TECO 2030 operates is dominated by male employees, but the Group is actively working towards a diversified working environment, and the share of female employees (22.5% per year-end) is increasing. 50% of the BoD members are females. Among the 40 employees which made up the TECO 2030 team per 31.12.2022, eleven different nationalities were represented.

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

The Company works towards the goal of securing environmentally sustainable and healthy solutions for the maritime industry. As such, the Company attempts through all its activities to reduce the environmental impact to a minimum. The Company has not had any activities during 2021 with a negative impact on the environment beyond an expected minimum. TECO 2030 has also issued an ESG-report for 2022 in parallel with the Annual Report.

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

Corporate Governance

The BoD has adopted policies for corporate governance to safeguard the interests of shareholders, employees and other stakeholders. TECO 2030 intends to comply with the Norwegian Code of Practice for Corporate Governance and explain any deviations from the code. The Group is actively conducting due diligence and continuously performing tasks in accordance with the Transparency Act. The BoD fully supports the establishment and implementation of policies and procedures that meet the requirements of the Act.

The BoD's review on corporate governance is presented in a separate section of the Annual report.

Events after the end of the financial year

On 8 February 2023, TECO 2030 announced that the HyEkoTank project, which has been awarded a EUR 5.1 million grant under the European funding scheme HORIZON EUROPE, started, together with Shell and the other consortium partners.

On 12 February, TECO 2030 announced that certain option holders under TECO 2030 ASA's share incentive program have exercised a total of 226,667 options at an exercise price of NOK 4.00 per share. The exercised options were settled by issuance of new shares. Amongst the option holders exercising shares, one Board member exercised 50,000 options. The share capital increase pertaining to the issuance of the new shares was registered with the Norwegian Register of Business Enterprises on 16 February increasing the share capital by NOK 2,266.67 to NOK 1,587,379.98 divided into 158,737,998 shares, each with a nominal value of NOK 0.01.

On 11 February 2023, the Board of Directors approved an Extraordinary Conversion Option on 16 February 2023 in respect of the convertible bond loan. This Extraordinary Conversion Option was made with equal terms to all bond holders. Bond holders converted a total nominal amount of NOK 19,6 million convertible debt into 3 843 280 shares in TECO 2030 ASA based on the stipulated conversion rate in the bond agreement of NOK 5.0868. Share capital was increased by NOK 38 433 and Share premium increased by NOK 19,511,567. The share capital increase pertaining to the issuance of the new shares was registered registered with the Norwegian Register of Business Enterprises on 27 February 2023. The Company's new registered share capital following this conversion is NOK 1,625,812.78 divided into 162,581,278 shares, each with a nominal value of NOK 0.01.

On 15 March, the Company held an Extraordinary General Meeting where the Board got the authorisation to issue a new convertible loan with an aggregate amount of up to NOK 37.7 million. As per date of the financial statements, a total of NOK 12 million has been raised among some new and some existing investors. The bond loan is based on similar terms as the convertible bond loan issued in 2022 except the conversion price which was set at NOK 9.7307.

On 17 March, the Company announced that it had fulfilled all requirements from Innovation Norway related to the NOK 50 million grant awarded in October 2021 in relation to its fuel cell-development project. The first payment of NOK 15 million (30%) was released from Innovation Norway during March. Another 50% of the grant is expected to be paid out shortly after the signing of the financial statements whereas the final 20% will be paid out following the projects end-report (Q3/Q4-2023).

There are no other significant events after the reporting date.

Going concern

The strategy for the Group includes significant growth over the next years. This growth will be capital intensive and further funding will be required. However, as part of the going concern assessment, Management has prepared scenario analysis with reduced growth/activity based on current cash position but without uncommitted funding. One scenario is based on full progress according to the Group's growth strategy, including a relatively conservative sales forecast, whereas the other scenario includes a scenario with scaled downed operation, no additional sales nor growth or further product development. As per these assessments, the necessary conditions required for the continuation of the Company as a going concern are confirmed to exist and the financial statements are prepared under the going concern assumption.

Outlook

The regulatory outlook remains highly supportive of hydrogen and other emission-reducing technologies both for the maritime sector and for land based heavy duty applications such as trucks, busses, mining equipment etc. The International Maritime Organization (IMO) has set quantified targets for emission reductions, and the European Commission has proposed that the maritime sector be included in the EU's gradually tightening quota system, indicating that zero-emission shipping will become increasingly competitive. During 2022, the Biden-administration presented various incentives and regulations which will help to speed up the green shift also in the US significantly in the years to come.

The BoD believes that 2023 will be a year where the Group will reach a number of important milestones and highlights such as the production of the first FCM 400 fuel cell modules in the first half of 2023, and the start-up of the manual production in the factory building in Narvik in mid-Q2. Further, the BoD expect that the Group will be able to secure several firm sales contracts for future deliveries of fuel cell systems.

2023 will also be an important year for the ongoing preparation and planning of the factory in Narvik and prepare the factory for serial production in 2024.

Oslo, 27 April, 2023

Sigurd Gaarder Lange
Chairman of the Board

Pia Meling
Member of the Board

Birgit Marie Liodden
Member of the Board

Marit Elise Kirkhusmo
Member of the Board

Tim Young
Member of the Board

John Herman Marcussen
Member of the Board

Tore Enger
Chief Executive Officer

Financial Statements

TECO 2030 Group
Statements of Comprehensive Income

Amounts in NOK	Notes	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
Revenue from contracts with customers	2.1	11,338,113	12,122,704
Other income	2.1	1,233,197	685,775
Total Revenues		**12,571,310**	**12,808,479**
Costs of goods sold		-7,998,125	-9,001,859
Personnel expenses	2.2	-37,899,217	-32,214,856
Other operating expenses	2.3	-35,741,394	-16,584,682
Depreciation and amortisation	3.1,3.2,3.3	-12,891,930	-7,297,230
Total operating expenses		**-94,530,666**	**-65,098,628**
Operating profit (loss)		**-81,959,356**	**-52,290,149**
Finance income	4.8	2,397,643	2,078,772
Finance cost	4.3, 4.8	-13,527,919	-2,707,905
Net financial income (expense)		-11,130,276	-629,133
Profit (loss) before tax		-93,089,632	-52,919,282
Income tax expense	5.1	-	-76,968
Profit (loss) for the year		**-93,089,632**	**-52,996,250**
Other comprehensive income:			
Items that may be reclassified to profit or loss		-266,096	-14,334
Total other comprehensive income for the period		-266,096	-14,334
Comprehensive income for the year		**-93,355,728**	**-53,010,584**
Earnings per share			
Basic EPS, profit (loss) for the year attributable to ordinary equity holders	4.6	-0.65	-0.42
Diluted EPS, profit (loss) for the year attributable to ordinary equity holders	4.6	-0.65	-0.42

TECO 2030 Group
Statements of Financial Position

Amounts in NOK	Notes	31.12.2022	31.12.2021
ASSETS			
Non-current assets		-	-
Property, plant and equipment	3.1	1,803,266	952,950
Intangible assets	3.2	149,210,176	52,160,538
Goodwill	6.3	2,613,441	2,443,557
Restricted deposits		2,900,000	2,900,000
Right-of-use assets	3.3	95,568,483	98,566,451
Finance lease receivables	3.3	13,879,540	17,907,869
Other non-current assets		818,182	-
Total non-current assets		**266,793,088**	**174,931,365**
Current assets			
Trade and other receivables	2.4	27,966,816	13,585,813
Inventories		6,974,417	8,489,870
Other current assets		5,990,805	2,485,670
Current financial lease receivables	3.3	1,531,475	1,711,154
Cash and cash equivalents	4.7	47,151,358	59,618,726
Total current assets		**89,614,870**	**85,891,233**
TOTAL ASSETS		**356,407,957**	**260,822,599**

Amounts in NOK	Notes	31.12.2022	31.12.2021
EQUITY AND LIABILITIES			
Equity			
Share capital	4.6	1,585,114	1,403,699
Share premium		262,240,603	180,243,997
Other reserves	4.3	14,447,702	5,770,480
Currency translation differences		-251,216	14,880
Retained earnings		-175,936,105	-82,846,471
Total equity		**102,086,098**	**104,586,581**
Non-current liabilities			
Non-current lease liabilities	3.3	113,014,663	117,330,509
Other non-current liabilities		375,000	375,000
Convertible bonds	4.3	93,248,447	-
Total non-current liabilities		**206,638,111**	**117,705,509**
Current liabilities			
Current lease liabilities	3.3	6,473,666	4,002,441
Interest-bearing loans and borrowings	4.2	1,704,180	1,623,029
Trade and other payables	2.5	25,280,911	26,040,999
Other current liabilities	2.6	14,224,990	6,864,039
Total current liabilities		**47,683,747**	**38,530,508**
Total liabilities		**254,321,858**	**156,236,017**
TOTAL EQUITY AND LIABILITIES		**356,407,957**	**260,822,599**

Oslo, 27 April, 2023

Sigurd Gaarder Lange
Chairman of the Board

Pia Meling
Member of the Board

Birgit Marie Liodden
Member of the Board

Marit Elise Kirkhusmo
Member of the Board

Tim Young
Member of the Board

John Herman Marcussen
Member of the Board

Tore Enger
Chief Executive Officer

TECO 2030 Group
Statements of Changes in Equity

Amounts in NOK	Notes	Share capital	Share premium	Other reserves	Currency translation differences	Retained earnings	Total equity
Balance at 1 January 2021		**1,200,000**	**83,785,307**	**449,731**	**29,214**	**-29,850,219**	**55,614,033**
Issuance of shares 13.01.2021		40,000	9,950,000	-	-	-	9,990,000
Issuance of shares 02.07.2021		32,446	19,967,539	-	-	-	19,999,985
Issuance of shares 20.10.2021		41,253	21,448,920	-	-	-	21,490,172
Issuance of shares 23.12.2021		90,000	44,910,000	-	-	-	45,000,000
Transaction costs on issuance of shares		-	-267,500	-	-	-	-267,500
Share-based payments	2.2	-	-	5,770,480	-	-	5,770,480
Conversion rights		-	449,731	-449,731	-	-	-
Profit (loss) for the year		-	-	-	-	-52,996,250	-52,996,250
Other comprehensive income		-	-	-	-14,334	-	-14,336
Balance as of 31 December 2021		**1,403,699**	**180,243,997**	**5,770,480**	**14,880**	**-82,846,471**	**104,586,581**

Amounts in NOK	Notes	Share capital	Share premium	Other reserves	Currency translation differences	Retained earnings	Total equity
Balance at 1 January 2022		**1,403,699**	**180,243,997**	**5,770,480**	**14,880**	**-82,846,471**	**104,586,584**
Issuance of shares 14.03.2022		16,088	6,686,285	-	-	-	6,702,373
Issuance of shares 24.10.2022		17,692	8,022,179	-	-	-	8,039,871
Issuance of shares 26.10.2022		7,189	3,259,757	-	-	-	3,266,946
Issuance of shares 07.11.2022		6,007	2,723,986	-	-	-	2,729,994
Issuance of shares 17.11.2022		96,028	51,950,972	-	-	-	52,047,000
Issuance of shares 29.11.2022		38,411	20,780,389	-	-	-	20,818,800
Share-based payments	2.2	-	-	1,392,974	-	-	1,392,974
Transaction costs on issuance of shares		-	-11,426,963	-	-	-	-11,426,963
Conversion rights - July 2022 convertible debt	4.3	-	-	3,831,653	-	-	3,831,653
Conversion rights - November 2022 convertible debt	4.3	-	-	2,370,791	-	-	2,370,791
Warrants	4.3	-	-	1,081,803	-	-	1,081,803
Profit (loss) for the year		-	-	-	-	-93,089,632	-93,089,632
Other comprehensive income		-	-	-	-266,096		-266,096
Balance as of 31 December 2022		**1,585,114**	**262,240,603**	**14,447,702**	**-251,216**	**-175,936,105**	**102,086,098**

TECO 2030 Group
Statements of Cash Flows

Amounts in NOK

Cash flows from operating activities	Notes	01.01.2022-31.12.2022	01.01.2021-31.12.2021
Profit or loss before tax		**-93,089,632**	**-52,996,250**
Adjustments to reconcile profit before tax to net cash flows:			
Net financial income/expense		-6,359,359	-1,296,969
Other financial income		-	-
Conversion rights	4.3	-	-
Share based payments		1,392,974	5,770,480
Depreciation, amortisation and impairment		12,891,930	7,297,230
Changes in working capital:			
Changes in trade receivables and other receivables	2.4	-332,080	-4,418,693
Changes in trade and other payables	2.5	-760,088	15,903,654
Change in inventories		1,515,453	-2,405,395
Changes in other current assets and current liabilities		4,116,645	-1,487,048
Other adjustments		1,175,595	-4,381,000
Net cash flows from operating activities		**-79,448,563**	**-38,013,990**
Cash flow from investing activities			
Purchase of property, plant and equipment	3.1	-1,333,252	-849,630
Development expenditures	3.2	-89,298,695	-35,430,516
Loans to related parties	6.1	-14,048,923	-438,355
Interest received		307,893	1,521
Net cash flows from investing activities		**-104,372,977**	**-36,716,980**

Cash flows from operating activities	Notes	01.01.2022- 31.12.2022	01.01.2021- 31.12.2021
Cash flow from financing activities			
Net cash proceeds from issuance of equity		82,935,283	96,212,658
Proceeds from convertible debt	4.3	98,355,759	-
Repayment of interest		-2,824,626	-
Proceeds from public funding		-	375,000
Cash payments for the principal portion of the lease liability	3.3	-4,443,967	-1,794,832
Cash payments for the interest portion of the lease liability	3.3	-4,770,917	-2,186,425
Cash received for the principal portion of the sublease receivables		1,472,572	667,290
Cash received for the Interest portion of the sublease receivables		630,067	258,801
Restricted deposits on lease premises		-	-2,900,000
Net cash flows from financing activities		**171,354,171**	**90,632,491**
Net increase/(decrease) in cash and cash equivalents		-12,467,368	15,901,522
Cash and cash equivalents at beginning of the year/period	4.7	59,618,729	43,717,208
Cash and cash equivalents, end of year		**47,151,357**	**59,618,729**

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

TECO 2030 Group
Notes to financial statements

Section 1 - Overview

1.1 Corporate information

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

TECO 2030 ASA (org. nr. 923 706 747) is a public limited liability company incorporated and domiciled in Norway. The Company was incorporated on the 30 September 2019, as a limited liability company, under the name TECO EGCS AS, before it subsequently changed its name to TECO 2030 AS. On 5 August 2020 an extraordinary general meeting approved conversion from a limited liability company to a public limited company under the name TECO 2030 ASA. The registered office address of TECO 2030 is Lysaker Torg 45, 1366 Lysaker, Norway.

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

The Group financial statements for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Board on 27 April 2023.

1.2 Basis of preparation

The Group financial statements of TECO 2030 consist of the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, and related notes. The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) effective as of 31 December 2022. The financial statements also include the additional applicable disclosure requirements in the Norwegian Accounting Act. The Group financial statements have been prepared on a historical cost basis and are presented in Norwegian Kroner (NOK). The financial statements are prepared on a going concern basis.

1.3 Estimates, judgements and assumptions

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

Judgements

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

Capitalisation of internal development costs

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

Lease liability production facility, Narvik

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

Estimates and assumptions

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

Useful lives of intangible assets

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

Deferred tax assets

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

Going concern

The strategy for the Group includes significant growth over the next years. This growth will be capital intensive and further funding will be required. However, as part of the going concern assessment, Management has prepared scenario analysis with reduced growth/activity based on current cash position but without uncommitted funding. One scenario is based on full progress according to the Group's growth strategy, including a relatively conservative sales forecast, whereas the other scenario includes a scenario with scaled downed operation, no additional sales nor growth or further product development. As per these assessments, the necessary conditions required for the continuation of the Company as a going concern are confirmed to exist and the financial statements are prepared under the going concern assumption.

Financial instruments

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

1.4 Significant accounting policies

Foreign currency translation

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

Current/non-current classification

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

Cash and cash equivalents

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

Trade receivables

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

Inventories

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

Government grants

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

Statement of cash flows

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

1.5 New standards and amendments

The new standards and amendments that are effective for the first time for periods commencing on or after 1 January 2022 were adopted by the Group but did not have any impact or were not relevant to the Group's financial statements upon adoption.

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

Section 2 - Operating performance

2.1 Segment information and operating income

ACCOUNTING POLICIES
Segments

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

Currently, the Group is organized into one reporting segment, and for this reason segment information is not provided. Going forwards, segment reporting could potentially be split between Fuel Cells and Future Funnels.

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

ACCOUNTING POLICIES

Revenue from contracts with customers consists of the Group's ballast water treatment system sales as well as the delivery of consultancy hours. Consultancy work is delivered to companies which are considered as related parties. Revenue from sales of ballast water treatment systems and future funnels is recognised upon delivery to customers corresponding with change of control. Hours for consultancy work is recognised at the time of delivery to the customer.

Products
Ballast water treatment system (BWTS)

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

Disaggregation of revenue

(NOK)	01.01.2022-31.12.2022	01.01.2021-31.12.2021
Revenue from customers - Ballast water treatment system	11,047,641	11,381,150
Revenue from customers - Consultancy	290,472	741,554
Total revenue from contracts with customers	**11,338,113**	**12,122,704**
Other income	1,233,197	685,775
Total	12,571,310	12,808,479

Revenue from contracts with customer based on geography [1] (NOK)	01.01.2022-31.12.2022	01.01.2021-31.12.2021
United States of America	4,889,118	10,996,695
Asia	2,441,237	796,104
South America	2,344,207	-
Europe	1,663,551	329,905
	11,338,113	12,122,704

1) Based on customer location

The Group has four customers in 2022 where the revenue individually exceeds 10% of total Group revenue from customers. In 2021 there were two customers where the revenue individually exceeded 10% of Group revenue from contracts with customers.

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

Revenue in % of group revenue	2021
Company 1	75%
Company 2	10%

2.2 Employee benefit expenses

Employee benefit expense	01.01.2022-31.12.2022	01.01.2021-31.12.2021
Salaries and wages	36,477,721	28,247,150
Share-based payments	1,392,974	5,770,480
Social security tax*	6,789,012	4,125,526
Pension	2,972,141	1,192,654
Other personnel expenses	3,441,090	2,061,145
Capitalised personnel expenses	-12,769,851	-8,356,575
Reimbursed personnel expenses	-308,015	-311,985
Reimbursement - Government grants (Skattefunn)	-95,855	-513,538
Total employee benefit expenses	**37,899,217**	**32,214,856**

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

By the end of 2022, the Group employed altogether 40 employees. The Group employed 23 employees at year-end 2021.

Pensions
Both in Norway and in the US the Group has a defined contribution plan. TECO 2030 ASA (the parent company) and

the subsidiaries TECO 2030 AS and TECO 2030 Innovation Center AS are obligated to follow the stipulations in the Norwegian mandatory occupational pensions act. The companies' pension scheme adheres to the requirements as set out in the act.

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

Share-based payments

ACCOUNTING POLICIES

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

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

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

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

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

Description

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

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

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

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

As of year-end 2022 there are a total of 2 070 000 vested and exercisable options with a remaining life of 25 months and a strike price of NOK 4. As of year-end 2021 none of the options were vested or exercisable. Share-based compensation expense recognised in 2022 is NOK 1 392 974 (2021: NOK 5 770 480). The social security liability related to the options as of year-end 2022 is NOK 2 739 627 (2021: NOK 193 417). Summaries of the options outstanding as of year-end 2022, in total and for key management and the board of directors are presented in the following tables.

Key management	Options granted 2022	Options granted 2021	Options exercised in 2022	Options expired in 2022	Total options outstanding 31.12.2022	Options vested and exercisable as of 31.12.2022
Tore Enger (CEO)	-	1,500,000	-	-	1,500,000	500,000
Pål Christian Johnsen (CFO)	-	450,000	-	-	450,000	150,000
Tor-Erik Hoftun (COO)	-	900,000	-	-	900,000	300,000
Erling Hoftun (Managing Director, TECO 2030 AS)	-	200,000	-	-	200,000	-
Bettina Nowak (CEO, USA)	-	900,000	-	-	900,000	300,000
Total	**-**	**3,950,000**	**-**	**-**	**3,950,000**	**1,250,000**

Options granted to all employees	2022	2021
Options granted during the year	-	7,210,000
Options exercised during the year	-	-
Options expired or terminated during the year	-	-300,000
Total options outstanding 31.12	6,910,000	6,910,000
Total options vested and exercisable as of 31.12	2,070,000	-

Board of directors	Options granted 2022	Options granted 2021	Options exercised in 2022	Options expired in 2022	Total options outstanding 31.12.2022	Options vested and exercisable as of 31.12.2022
Sigurd Lange	-	1,500,000	-	-	1,500,000	500,000
Birgit Liodden	-	150,000	-	-	150,000	50,000
Pia Meling	-	150,000	-	-	150,000	50,000
Marit Kirkhusmo	-	150,000	-	-	150,000	50,000
Herman Marcussen	-	150,000	-	-	150,000	50,000
Tim Young*	-	-	-	-	-	-
Total	**-**	**2,100,000**	**-**	**-**	**2,100,000**	**700,000**

* Tim Young was elected a member of the Board of Directors in December 2022 and hence not member of the scheme adopted in 2021.

B&S Option value	Tranche 1	Tranche 2	Tranche 3
Shareprice (NOK)	6.35	6.35	6.35
Strike price (NOK)	4	8	10
Risk-free interest rate	0.55%	0.55%	0.55%
Expected life - years	4	4	4
Expected dividend (NOK)	-	-	-
Volatility	21.51%	21.51%	21.51%
Option fair value (NOK)	**2.57**	**0.61**	**0.28**
Number of options granted per tranche	2,070,000	2,420,000	2,420,000
Total option fair value at grant date (NOK)	**5,329,920**	**1,466,954**	**668,006**
Vesting period from grant date	**12 months**	**24 months**	**36 months**

2.3 Other operating expenses

Other operating expenses (NOK)	01.01.2022-31.12.2022	01.01.2021-31.12.2021
Legal, audit and professional fees	15,205,603	7,094,353
Facilities	5,560,096	2,527,429
Other operating expenses*	14,975,696	6,962,900
Total other operating expenses	**35,741,394**	**16,584,682**

* Operating expenses includes, amongst others; travel expenses (approx. NOK 3.5 mill), Marketing and fairs/exhibitions (approx. NOK 2.7 mill), insurance and property tax (approx. NOK 1 mill) and IT/data (approx. NOK 1.5 mill) and stock-related expenses (approx. NOK 1 mill)

Auditor fees	01.01.2022-31.12.2022	01.01.2021-31.12.2021
Statutory audit (excl. VAT)	479,083	450,344
Audit related services and attestation (excl. VAT)	196,850	167,225
Tax compliance (excl. VAT)	19,843	10,583
Total remuneration to the auditor	**695,776**	**628,152**

2.4 Trade and other receivables

Trade and other receivables (NOK)	31.12.2022	31.12.2021
Trade receivables	6,649,667	7,539,587
Interest bearing loans related parties [1)]	17,380,735	3,331,812
Deposits	96,533	389,868
VAT receivable	2,420,309	820,017
Government grants receivable (Skattefunn)	1,419,572	1,504,529
Total trade and other receivables	**27,966,816**	**13,585,813**

1) See note 6.1 for additional information.

2.5 Trade and other payables

Trade and other payables (NOK)	31.12.2022	31.12.2021
Trade payables	19,246,479	23,598,197
Public duties payable	6,034,431	2,442,802
Total trade and other payables	**25,280,911**	**26,040,999**

2.6 Other current liabilities

Other current liabilities (NOK)	31.12.2022	31.12.2021
Salaries and board remuneration payable	3,330,011	2,240,038
Contract liabilities*	6,549,480	2,344,207
Other accrued expenses	4,345,499	2,279,794
Total current liabilities	**14,224,990**	**6,864,039**

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

Section 3 – Asset base

3.1 Property, plant and equipment

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

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

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

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

	Equipment and movables	Total
Acquisition cost 31.12.2020	**457,569**	**457,569**
Additions	849,630	849,630
Currency translation effects	6,478	6,478
Acquisition cost 31.12.2021	**1,313,677**	**1,313,677**
Accumulated depreciation & impairment 31.12.2020	-81,187	-81,187
Depreciation for the year	-273,315	-273,315
Currency translation effects	-6,223	-6,223
Accumulated depreciation & impairment 31.12.2021	**-360,725.1**	**-360,725.1**
Carrying amount 31.12.2021	**952,950**	**952,950**

	Equipment and movables	Total
Acquisition cost 31.12.2021	**1,313,677**	**1,313,677**
Additions	1,333,252	1,333,252
Currency translation effects	26,801	26,800.8
Acquisition cost 31.12.2022	**2,673,729**	**2,673,729**
Accumulated depreciation & impairment 31.12.2021	-360,725	-360,725
Depreciation for the year	-486,871	-486,871
Currency translation effects	-22,867	-22,867
Accumulated depreciation & impairment 31.12.2022	**-870,463**	**-870,463**
Carrying amount 31.12.2022	**1,803,266**	**1,803,266**
Economic life (years)	5	
Depreciation plan	Straight-line method	

3.2 Intangible assets

Nature of the Group's intangible assets

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

- TECO Future Funnel - Exhaust Gas Cleaning Systems
- Capitalised value of aquired sales and distribution agreements
- TECO PEM Fuel cells
- TECO Fuel Cell Factory

ACCOUNTING POLICIES
Intangible assets acquired in a business combination

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

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

Goodwill

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

SIGNIFICANT ACCOUNTING JUDGEMENTS
Capitalisation of internal development costs

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

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

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

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

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

Useful lives of intangibles

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

	Development	Completed development	Sales and distribution agreements	Production plant design development	Goodwill	Website	Total
Acquisition cost 31.12.2020	**5,128,824**	**11,999,457**	**3,750,000**	**-**	**2,482,661**	**50,400**	23,411,342
Additions	34,186,965	1,026,098	-	1,208,445	-	-	36,421,508
Reimbursement - Government grants (Skattefunn)	-761,387	-	-	-229,605	-	-	-990,992
Currency translation effects	-	-	-	-	-39,103	-	-39,103
Acquisition cost 31.12.2021	**38,554,402**	**13,025,555**	**3,750,000**	**978,840**	**2,443,558**	**50,400**	**58,802,755**
Accumulated amortisation & impairment 31.12.2020	**-**	**-1,103,957.0**	**-312,500.0**	**-**	**-**	**-1,680.0**	**-1,418,137**
Amortisation for the year	-	-2,020,442	-750,000	-	-	-10,080	**-2,780,522**
Disposals	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-
Accumulated amortisation & impairment 31.12.2021	**-**	**-3,124,399**	**-1,062,500**	**-**	**-**	**-11,760**	**-4,198,659**
Carrying amount 31.12.2021	**38,554,402**	**9,901,156**	**2,687,500**	**978,840**	**2,443,558**	**38,640**	**54,604,095**

	Development	Completed development	Sales and distribution agreements	Production plant design development	Goodwill	Website	Total
Acquisition cost 31.12.2021	**38,554,402**	**13,025,555**	**3,750,000**	**978,840**	**2,443,558**	**50,400**	**58,802,754**
Additions	99,598,088	-	-	1,657,865	-	-	**101,255,953**
Reimbursement - Government grants (Skattefunn)	-1,008,722	-	-	-314,994	-	-	**-1,323,716**
Currency translation effects	-	-	-	-	169,883	-	**169,883**
Acquisition cost 31.12.2022	**137,143,767**	**13,025,555**	**3,750,000**	**2,321,711**	**2,613,441**	**50,400**	**158,904,875**
Accumulated amortisation & impairment 31.12.2021	**-**	**-3,124,399**	**-1,062,500**	**-**	**-**	**-11,760**	**-4,198,659**
Amortisation for the year	-	-2,122,520	-750,000	-	-	-10,080	-2,882,600
Disposals	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-
Accumulated amortisation & impairment 31.12.2022	**-**	**-5,246,919**	**-1,812,500**	**-**	**-**	**-21,840**	**-7,081,259**
Carrying amount 31.12.2022	**137,143,767**	**7,778,636**	**1,937,500**	**2,321,711**	**2,613,441**	**28,560**	**151,823,617**
Economic life (years)		7	5			5	
Amortisation plan		Straight-line method	Straight-line method			Straight-line method	

Research and development

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

Goodwill

Goodwill, and CGUs where goodwill has been allocated, are required to be tested for impairment annually. Impairment losses are recognised where the recoverable amount is less than the carrying amount. As part of the Group-structuring that took place in August 2020, a goodwill item of NOK 2 443 557 was recognised. At 31.12.2022 the recognised NOK value of the goodwill is NOK 2 613 441 due to currency adjustments. The Group performed its annual impairment test of the goodwill in December 2022 by using a discounted cash flow model.

The impairment test was based on conservative forecasts for the next five years and management's best estimate of cash flows for the following years. Sales forecasts for 2023 and 2024 have taken into consideration the underlying uncertainty related to the remaining consequences of the Covid-19 pandemic and the ongoing war in Ukraine. A terminal value beyond the 5-year forecast period has been included in the calculated VIU. The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital (WACC). The WACC considers the cost of debt and equity and was set at 10 %.

Based on these assumptions the value in use exceeds the carrying value of NOK 2.6 million.

Intangible assets

Intangible assets include capitalised development costs and sales and distribution agreement as well as a strategic cooperation agreement with the Group's major development partner. As of 31 December 2022, the Group has capitalised approximately NOK 13 million in completed development with a carrying amount of NOK 7.8 million et year-end and capitalised approximately NOK 137.1 million of in-process development.

Future Funnel

The Group has, by the end of 2022, capitalised a total of approx. NOK 13 million of development expenses for the 10 MW Future Funnel-project. These include internal as well as external development expenses. This product was considered ready for sale from Q2 2020 and has been subject to annual linear amortization ever since. The Group managed to enter into its first sales contract for one future funnel in December 2022. The sale contains one of the two already produced 10 MW scrubber towers which is on stock. This first scrubber tower is sold with a loss which has been recognised in the P&L per 31. December 2022. The loss is considered to be a one-time cost necessary to get a foot into the scrubber market. Based on the future potential of the scrubber market the capitalised amount is considered to be relatively low compared to the value of the product and its anticipated future potential for generating revenues and positive cash flows. The Covid-19 pandemic, with its implications on various factors such as oil prices, and especially the price gap between high- and low sulphur fuel oil, as well as the Group's lack of references are considered to be the main reason for the lack of sale of Future Funnels in 2021 and 2022. As per year-end 2022, the price gap between the various fuel oils have increased to pre-pandemic levels and the market for exhaust gas cleaning systems seems promising for 2023 and onwards.

Fuel Cell

The Group has capitalised both internal and external development costs related to the TECO Fuel Cells during 2022 amounting to approx. NOK 130.2 million. The product is still under development and the capitalised amount will continue to increase during 2023. The board of directors and management have a strong believe in the hydrogen and Fuel Cell technology and its future possibilities and considers this to be a major step towards an emission free maritime sector as well as other heavy-duty applications with the potential to be a significant contributor to the Group's future revenues and cash flow.

Strategic Agreements
The Company purchased two agreements (Sales and Distribution Agreement and Strategic Cooperation Agreement) from its previous parent company in August 2020 for a total price of NOK 3.75 million which are being amortized over five years. The Strategic Cooperation Agreement is considered very important as it forms the foundation for the close cooperation with the Group's major development partner. As such, this agreement is considered to be vital in the future development of the Group and its product portfolio.

The Sales and Distribution Agreement is necessary for the Group to have access to BIO UV's ballast water treatment systems. The demand for such systems is considered to increase towards the final implementation of the Ballast Water Convention in 2024.

Government grants receivable (Innovation Norway)
In 2021, the Company received a grant of NOK 50 million from Innovation Norway for the development of the PEM fuel cells to the marine industry. A requirement from Innovation Norway before releasing the funds was that the Company raises an additional NOK 200 million in new equity. As per 31.12.2022, the Company had raised NOK 180.1 million out of the NOK 200 million. In February 2023, the Company raised an additional NOK 20.5 million, securing that the Company reached the requirement well before the deadline on 30.6.2023. The Group has not off-set an amounts towards this grant per 31.12.2022.

Government grants receivable (Skattefunn)
The Group received approval in 2021 from The Norwegian Research Counsil (Forskningsrådet) for two "Skattefunn"-projects for the two years period starting on 1 January 2021 through 31 December 2022. The projects relate to the development of the production lines at the Narvik factory and development of Carbon Capture & Storage onboard ships. These are standard Skattefunn-funded projects. The Group will receive 19% deduction for the projects for tax purposes and a reimbursement of NOK 700 for hours worked. In 2021, the Group received Government grants (Skattefunn) of NOK 1 504 529 with a comparable reduction in the capitalised costs of the intangible assets under development (NOK 990 992) and reduction in salary expenses (NOK 513 538). As per 31.12.2022, the Group has recognised a Government grants receivable (Skattefunn) in the balance sheet for an accrued amount of NOK 1 419 572 with a comparable reduction in the capitalised costs for the intangible assets under development (NOK 1 323 716) and a reduction in salary expense (NOK 95 855).

3.3 Leases

Accounting policies

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

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

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

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

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

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

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

Measuring the right-of-use asset

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

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

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

Interest Rate

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

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

Right-of-use assets

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

Significant judgements related to leasing agreements – Narvik production facility

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

Right -of-use assets	Premises	Vehicles	Total
Acquisition cost 31.12.2020	1,075,275	495,708	1,570,983
Addition of right-of use asset	100,965,034	1,201,563	102,166,597
Terminated lease agreements	-320,529	-153,988	-474,517
Acquisition cost 31 December 2021	**101,719,779**	**1,543,283**	**103,263,062**
Accumulated depreciation 31.12.2020	-312,980	-145,555	-458,535
Depreciation	-3,814,764	-428,623	-4,243,387
Currency exchange differences	-	5,309	5,309
Accumulated depreciation 31 December 2021	-4,127,744	-568,869	-4,696,613
Carrying amount of right-of use assets 31 December 2021	97,592,036	974,414	98,566,451

Right -of-use assets	Premises	Vehicles	Total
Acquisition cost 01.01.2022	**101,719,779**	**1,543,283**	**103,263,062**
Addition of right-of use assets	-	1,047,327	1,047,327
Transfers and reclassifications	4,275,222	-	4,275,222
Acquisition cost 31 December 2022	**105,995,001**	**2,590,610**	**108,585,611**
Depreciation and impairment 01 January 2022	**-4,127,744**	**-568,869**	**-4,696,613**
Change in contract	-	-	-
Depreciation	-7,807,813	-512,702	-8,320,515
Accumulated depreciation and impairment 31 December 2022	**-11,935,557**	**-1,081,572**	**-13,017,128**
Carrying amount of right-of use assets 31 December 2022	**94,059,445**	**1,509,038**	**95,568,483**

Lease liabilities

Undiscounted lease liabilities and maturity of cash outflows	2022	2021
Less than 1 year	9,748,125	8,800,253
1-2 years	10,398,125	10,531,409
2-3 years	11,065,238	11,139,999
3-4 years	11,599,548	11,209,295
4-5 years	12,010,386	11,480,375
Beyond 2026 / Later than 5 years	94,500,468	105,627,522
Total undiscounted lease liabilities at 31 December	**149,321,890**	**158,788,853**

Summary of the lease liabilities in the financial statements	Statement of:	2022	2021
Lease liabilities 01.01		**121,332,951**	1,116,868
New lease liabilities recognised during the year		1,047,327	122,452,910
Adjustments		1,552,018	-
Terminated lease agreements		-	460,031
Cash payments for the principal portion of the lease liability	Cash flows	4,443,967	1,794,832
Cash payments for the interest portion of the lease liability	Cash flows	4,770,917	2,186,425
Interest expense on lease liabilities	Profit and loss	4,770,917	2,186,425
Reassessment of the discount rate on previous lease liablities	Profit and loss	-	-
Currency exchange differences	Profit and loss and OCI	-	18,037
Total lease liabilities at 31 December		**119,488,329**	**121,332,951**

Total lease liabilities at 31 December		2022	2021
Current lease liabilities	Balance sheet	6,473,666	4,002,441
Non-current lease liabilities	Balance sheet	113,014,663	117,330,509
Total cash outflows for leases	Cash flows	9,214,884	3,981,258

TECO 2030 ASA subleases the office location Lysaker Torg 45 to various companies, including one of the subsidiaries, over the same time period as the head lease. The Current financial lease receivables related to this sublease as of 31 December 2022 on group level is NOK 1 531 475, the non-current financial lease receivable is NOK 13 879 540. The sublease also includes several related parties, see note 6.1 related parties for more information.

Section 4 - Financial instruments, risk and equity

4.1 Financial instruments

ACCOUNTING POLICIES

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

Classification of financial instruments:

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

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

Financial assets measured at amortised cost:

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

Financial liabilities measured at amortised cost:

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

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

Initial recognition and subsequent measurement

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

Impairment of financial assets

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

Derecognition of financial liabilities

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

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

31.12.2022	Note	Financial instruments at amortised cost	Total
Assets			
Loan to related parties	6.1	17,633,346	17,633,346
Trade receivables	2.4	6,649,667	6,649,667
Government grants receivable (Skattefunn)	2.4	1,419,572	1,419,572
Finance lease receivable	3.3	15,411,016	15,411,016
Cash and cash equivalents	4.7	47,151,358	47,151,358
Total financial assets		**88,264,958**	**88,264,958**
Liabilities			
Convertible bond loan		93,248,447	93,248,447
Current interest bearing liabilities to related parties	4.2	1,704,180	1,704,180
Current and non-current lease liabilities	3.3	119,488,329	119,488,329
Trade payables	2.5	19,246,479	19,246,479
Social security share-based payment payable		2,739,627	2,739,627
Total financial liabilities		**236,427,062**	**236,427,062**

31.12.2021	Note	Financial instruments at amortised cost	Total
Assets			
Loan to related parties	6.1	3,822,925	3,822,925
Trade receivables	2.4	7,539,587	7,539,587
Government grants receivable (Skattefunn)	2.4	1,504,529	1,504,529
Finance lease receivable	3.3	19,619,023	19,619,023
Cash and cash equivalents	4.7	59,618,726	59,618,726
Total financial assets		**92,104,790**	**92,104,790**
Liabilities			
Current interest bearing liabilities to related parties	4.2	1,623,029	1,623,029
Current and non-current lease liabilities	3.3	121,332,950	121,332,950
Trade payables	2.5	23,598,197	23,598,197
Social security share-based payment payable		193,417	193,417
Total financial liabilities		**146,747,593**	**146,747,593**

4.2 Interest-bearing loans and borrowings

Current interest bearing loans and borrowings	Note	31.12.2022	31.12.2021
Borrowings from related parties	6.1	1,704,180	1,623,029
Convertible bond loans	4.3	93,248,447	-
Net total current interest bearing loans and borrowings		**94,952,627**	**1,623,029**

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

The convertible loan agreement from June 2022 is secured with a formally registered property mortgage on leased facilities in Narvik. TECO 2030 ASA has obtained the right to register the Narvik facilities as collateral. The Group has not pledged any other assets as security for it's borrowings and there are no specific capital restrictions or covenants related to its borrowings.

	Loans and borrowings	Borrowings related parties	Total
Balance 31.12.2020	**10,000,000**	**1,623,029**	**11,623,029**
Non-cash changes			
Redemption of convertible bond loan for shares	-10,000,000	-	-10,000,000
Total non-cash changes	**10,000,000**	**-**	**-10,000,000**
Balance 31.12.2021	**-**	**1,623,029**	**1,623,029**
Changes from financing cash flows			
Proceeds from convertible bonds	101,843,827	-	101,843,827
Payment of transaction costs convertible bonds	-2,988,068	-	-2,988,068
Payment of interest	-2,824,626	-	-2,824,626
Payment of collateral fee convertible bonds	-500,000	-	-500,000
Total changes from financing cash flows	**95,531,133**	**-**	**95,531,133**
Non-cash changes			
Derivative conversion rights transferred to equity	-6,202,444	-	-6,202,444
Transaction costs convertible bonds - warrants	-324,541	-	-324,541
Total interest expense convertible bonds	3,244,297	-	3,244,297
Transaction costs collateral fee convertible bonds	1,000,000	-	1,000,000
Accrued interest related parties	-	81,151	81,151
Total non-cash changes	**-2,282,688**	**81,151**	**-2,201,537**
Balance 31.12.2022	**93,248,447**	**1,704,180**	**94,952,627**

4.3 Convertible bonds

ACCOUNTING POLICIES

TECO 2030 accounts for the secured convertible bond agreements in accordance with IFRS 9 Financial Instruments and IAS 32 Financial Instruments: Presentation.

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

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

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

Description

June 2022 convertible debt issuance

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

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

The conversion rights in the June 2022 convertible debt meet the definition of "fixed-for-fixed". There are no embedded derivatives in the debt agreement. The interest payable on the secured convertible debt is fixed at 8%. Management has evaluated the market interest rate for this loan without the conversion rights to be 10,5%. The difference in the net present value of the cash flows at these two interest rates is the fair value of the conversion rights. The equity conversion rights have been recognised in the financial statements directly to equity at a fair value of NOK 3,8 million, presented as part of Other reserves. Initial recognition of the debt is at fair value using the market interest rate of 10,5%. The 31 December 2022 amortised cost of the June 2022 convertible debt is NOK 67 million, presented as a non-current liability. The total interest expense recognised in P&L for the June 2022 convertible debt during 2022 is NOK 3,79 million.

The June 2022 convertible debt is secured with a formally registered ("tinglyst") property mortgage on the leased Narvik production facility. The Narvik production facility lease includes a purchase option. See note 3.3 on leases for further details . TECO 2030 has obtained the right to register the Narvik facility as collateral against their convertible debt by means of a payment to the lessor of NOK 1 million. NOK 500 000 has been paid in June 2022 and the remaining NOK 500 000 is payable in 2023. This NOK 1 million is appropriately accounted for as a direct transaction cost to secure the loan and is included in the measurement of the interest expense for the loan using the effective interest method. The prepayment of NOK 500 000 and the payable of NOK 500 000 is presented in the balance sheet as Other non-current assets as of 31 December 2022. This NOK 1 million will be amortised over the life of the loan (or until conversion) as interest expense.

November 2022 convertible debt issuance

TECO 2030 ASA entered into an additional secured convertible bond agreement on 25 November 2022 ("November 2022 convertible debt"). TECO 2030 borrowed a total of NOK 31,2 million from-, and issued shares to Sun Hydrogen Inc. (See note 4.6 for details related to the share issuance). The terms and conditions of the November 2022 convertible debt are the same as for the June 2022 convertible debt.

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

The conversion rights in the November 2022 convertible debt meet the definition of "fixed-for-fixed". There are no embedded derivatives in the debt agreement. The interest payable on the secured convertible debt is fixed at 8%. Management has evaluated the market interest rate for this loan without the conversion rights to be 12%. The difference in the net present value of the cash flows at these two interest rates is the fair value of the conversion rights. The equity conversion rights have been recognised in the financial statements directly to equity at a fair value of NOK 2,3 million, presented as part of Other reserves. Initial recognition of the debt is at fair value using the market interest rate of 12%. The 31 December 2022 amortised cost of the November 2022 convertible debt is NOK 26 million, presented as a non-current liability. The total interest expense recognised in P&L for the November 2022 convertible debt during 2022 is NOK 374 thousand.

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

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

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

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

4.4 Fair value measurement

ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

4.5 Risk management

Risk factors

The TECO 2030 group is, like all companies, subject to several different risk factors. These risk factors range from business areas such as operational risks, financial risks (credit, liquidity, interest etc.), and market risks. TECO 2030 is, despite the extensive experience represented by the BoD, employees and major shareholders, a young group of companies, this by itself contributes to a number of risk factors which companies with longer track records may not experience. Limited history will entail increased risk within certain areas and provide challenges that are rarely relevant to established companies. On the other hand, this might also be an advantage as the Group, for instance, does not carry with it historical obligations and associated risks.

The BoD and management team of TECO 2030 are constantly monitoring the various risk factors in order to control these and to foresee and prevent various sources of risks from becoming critical.

Operational risk factors
As TECO 2030 is in an early stage and to a substantial extent depends on external partners for development and production, the internal operational risks are limited. However, the Group is dependent on recruiting and retaining highly qualified personnel. As TECO 2030 continues its rapid growth the company needs to ensure that the company has the correct processes in place to enable implementation of its business plan in a rapidly evolving market.

The Group will also need to maintain close relationships with its key business partners. A failure to do so will have an adverse effect on the company's future projections.

Development risk
Developing new technologies is always associated with development risk. The development of the TECO 2030 Fuel Cells is done in close cooperation with AVL, a major development company with a long track record of developing new technologies within the areas in which TECO 2030 operates. TECO 2030 also has strong development competence within the organization. Even so, there is a risk that developed products do not function as well as anticipated, either due to technical failures or other technical or design challenges, or that competing and superior technologies emerge, leading to TECO 2030's products being outperformed by competitors. Although relying on already available patents from AVL and/or jointly developed patents by AVL and TECO 2030, the risk of patent restrictions might occur.

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

Interest rate risk
As per year end 2022 the company has a verry limited exposure to interest rate risk. The company's convertible bond loan of NOK 101,8 million has a fixed rate of 8% yearly interest. Furthermore, TECO 2030 has an approx. NOK 6,6 million leasing agreement related to various equipment.

Liquidity risk/Financing risk

Through 2022 the company has successfully raised NOK 93.6 million through four private placements as well as raising an additional NOK 101,8 million through a convertible bond. During 2022 the company produced its first fuel cell stack and as we go into 2023 more and more focus will be shifting towards production and sales. However, the company is still in a development phase which, in itself carries a lot of cost. In the future TECO 2030's ability to secure favourable payment terms, as well as the companies ability to favorably enter the market, will determine the company's liquidity needs. As TECO 2030 is still in a development phase the company may therefore need to seek additional funding in the future.

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

As at 31 December 2022	< 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
Borrowings from related parties (Note 4.2)	1,704,180	-	-	-	1,704,180
Trade payables (Note 2.5)	19,246,479	-	-	-	19,246,479
Convertible loans (Note 4.3)	8,230,781	114,065,086	-	-	122,295,868
Lease liabilities (Note 3.3)	9,748,125	10,398,125	34,675,172	94,500,468	149,321,890
Total contractual undiscounted payments	**29,181,441**	**124,463,211**	**34,675,172**	**94,500,468**	**292,568,417**

As at 31 December 2021	< 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
Borrowings from related parties (Note 4.2)	1,623,029	-	-	-	94,926
Trade payables (Note 2.5)	23,598,197	-	-	-	23,598,197
Lease liabilities (Note 3.3)	8,800,253	10,531,409	33,829,669	105,627,522	158,788,853
Total contractual undiscounted payments	**34,021,479**	**10,531,409**	**33,829,669**	**105,627,522**	**182,481,976**

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 the end of 2022 and has established internal guidelines in order to minimise the credit risk related to our customer receivables.

Risks related to regulations and political risk

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 EU, USA and IMO, the United Nations authority to serve as a regulator of all vessels sailing in international waters, may affect the market for products in the markets in which TECO 2030 operates. Additionally, regulations might be imposed from by flag states and local authorities.

Risks related to key personnel and competence

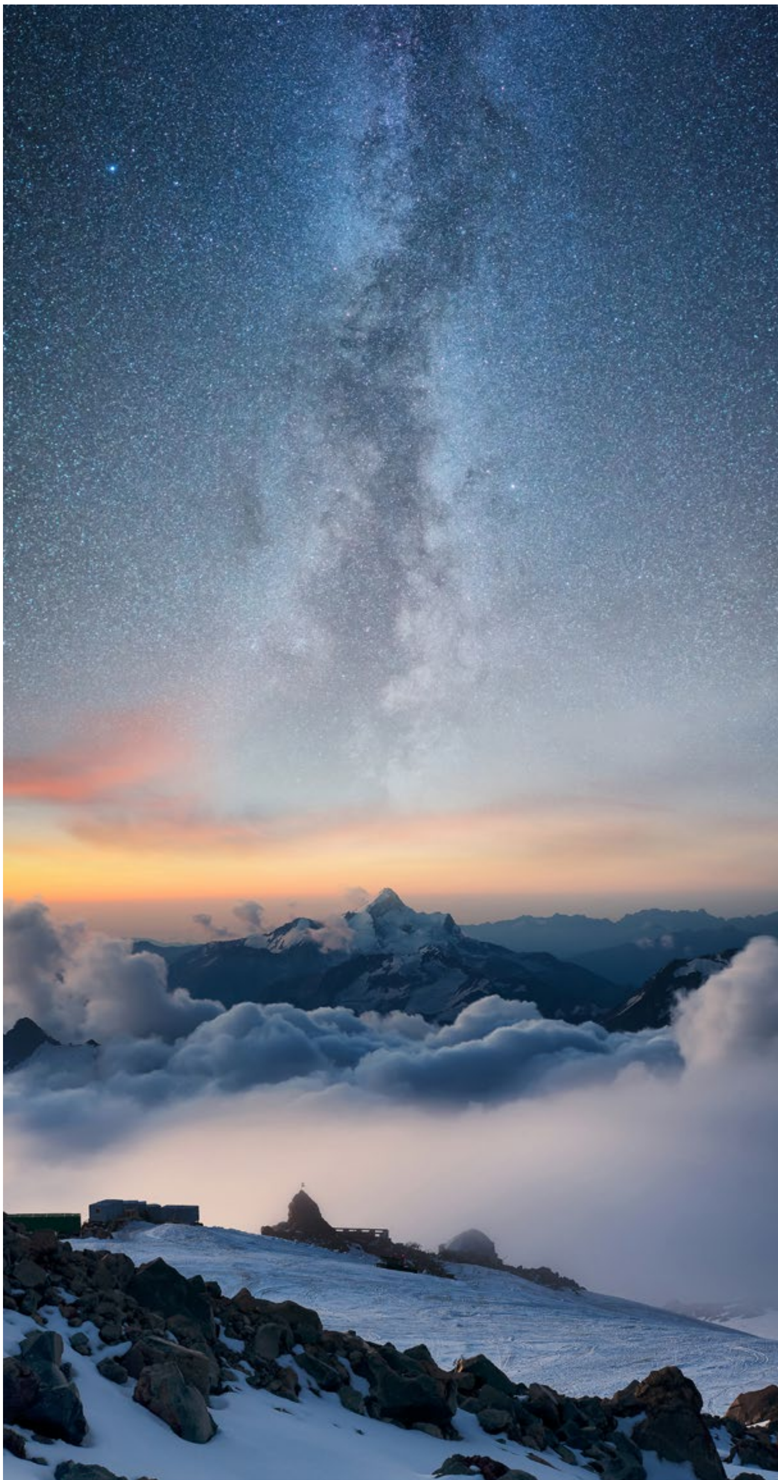
TECO 2030's future success will partly depend upon its abilities and efforts to retain key members of the management team, including recruiting, retaining, and developing skilled personnel for its current business and its ambitious future development plans. TECO 2030's total number of employees is limited and retaining key personnel is therefore important.

Foreign exchange risk

Throughout 2022, TECO 2030 was exposed to foreign exchange transaction risk as it received funding in both USD and NOK, whereas major cooperating partners are located in central Europe with Euro as currency. In 2023 the Group will have substantial expenses in Euro to cooperating partners. Possible future sales will primarily be in Euro and USD, and the Company will, to the extent possible, secure the majority of production expenses in the corresponding currency. Some of the production costs will, however, be in NOK together with a large part of the Company's overhead expenses and, as such, lead to an increased exposure to the EUR/USD versus NOK exchange rates. In addition, the Company will, from project to project, be exposed to a limited number of other currencies. The Company has not secured any foreign exchange trades by the signing of the financial statements but is constantly monitoring the foreign exchange market and the Company's exposure. Translation risk may also arise due to the conversion of amounts denominated in foreign currencies to NOK, TECO 2030's current reporting and functional currency.

War in Ukraine

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



4.6 Equity and shareholders

Date	Number of shares authorised and fully paid	Par value per share (NOK)	Carrying amount (NOK)
At 31 December 2020	12,000,000	0.1	**1,200,000**
Equity issue 13. January 2021	400,000	0.1	40,000
At 2. March 2021	**12,400,000**	**0.1**	**1,240,000**
Share split 3. March 2021	**124,000,000**	**0.01**	**1,240,000**
Equity issue 2 July 2021	3,244,644	0.01	**32,446**
Equity issue 20 October 2021	4,125,170	0.01	**41,252**
Equity issue 23 December 2020	9,000,000	0.01	**90,000**
At 31 December 2021	**140,369,814**	**0.01**	**1,403,698**
Equity issue 14 March 2022	1,608,827	0.01	16,088
Equity issue 24 October 2022	1,769,182	0.01	17,692
Equity issue 26 October 2022	718,895	0.01	7,189
Equity issue 07 November 2022	600,738	0.01	6,007
Equity issue 17 November 2022	9,602,768	0.01	96,028
Equity issue 29 November 2022	3,841,107	0.01	38,411
At 31 December 2022	**158,511,331**	**0.01**	**1,585,113**

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

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

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

The Company's 20 largest shareholders as of 31 December 2022 are shown in the table below.

Shareholder	# shares	%
TECO GROUP AS	52,041,430	32.83%
CLEARSTREAM BANKING S.A.	28,149,442	17.76%
Citibank	16,186,688	10.21%
Pershing LLC	13,497,841	8.52%
JAKOB HATTELAND HOLDING AS	8,000,000	5.05%
UBS Switzerland AG	5,967,719	3.76%
SOLVIK HOLDING AS	3,400,000	2.14%
EQUITOR AS	2,667,145	1.68%
TECO MARITIME GROUP AS	2,662,187	1.68%
HANSEN EIENDOM OG KONSULT AS	2,239,375	1.41%
Saxo Bank A/S	1,342,118	0.85%
SOO INVEST AS	1,255,000	0.79%
SIX SIS AG	1,218,385	0.77%
S25 HOLDING AS	1,100,255	0.69%
MEDIKOM AS	1,018,835	0.64%
KBC Bank NV	1,004,325	0.63%
JAHATT AS	961,133	0.61%
PCJ INVEST AS	860,870	0.54%
Morgan Stanley & Co. Int. Plc.	742,845	0.47%
KUBERA AS	715,000	0.45%
20 largest shareholders	**145,030,593**	**91.50%**
Other shareholders	13,480,738	8.50%
Total shareholders	**158,511,331**	**100%**

The Company's 20 largest shareholders as of 31 December 2021 are shown in the table below.

Shareholder	# shares [1)]	%
TECO GROUP AS	52,041,430	37.07%
CLEARSTREAM BANKING S.A.	25,604,324	18.24%
CITIBANK, N.A.	15,663,841	11.16%
JAKOB HATTELAND HOLDING AS	8,000,000	5.70%
UBS SWITZERLAND AG	4,471,289	3.19%
SOLVIK HOLDING AS	3,500,000	2.49%
HANSEN EIENDOM OG KONSULT AS	2,983,484	2.13%
TECO MARITIME GROUP AS	2,885,250	2.06%
EQUITOR AS	2,645,140	1.88%
JAHATT AS	2,128,201	1.52%
TECO TECH HOLDING AS	1,624,130	1.16%
SAXO BANK A/S	1,558,840	1.11%
MORGAN STANLEY & CO. INT. PLC.	1,279,586	0.91%
KBC Bank NV	1,122,991	0.80%
MEDIKOM AS	1,052,860	0.75%
PCJ INVEST AS	860,870	0.61%
ESRO INVEST AS	805,580	0.57%
CANICA AS	518,287	0.37%
SOO INVEST AS	505,000	0.36%
MARCUSSEN SHIPPING AS	494,410	0.35%
20 largest shareholders	**129,745,513**	**92.43%**
Other shareholders	10,624,301	7.57%
Total shareholders	**140,369,814**	**100%**

1) The comparative number of shares for 2020 has been adjusted to reflect the 10:1 share split that occurred in March 2021.

Earnings per share

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

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

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

	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
Profit (loss) attributable to ordinary equity holders - for basic EPS	-93,089,632	-52,996,250
Profit (loss) attributable to ordinary equity holders adjusted for the effect of dilution	-93,089,632	-52,996,250
Total shares outstanding at year-end	158,511,331	140,369,814
Weighted average number of ordinary shares - for basic EPS	143,708,841	126,504,224
Weighted average number of ordinary shares adjusted for the effect of dilution	143,708,841	126,504,224
Basic EPS, profit (loss) for the year	-0.65	-0.42
Diluted EPS, profit (loss) for the year	-0.65	-0.42

The share options and RSUs once issued will have a potential dilutive effect on earnings per share. Share options and RSUs shall be treated as dilutive only if their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations. As the Group is currently loss-making, an increase in the average number of shares would have anti-dilutive effects. Hence, no dilutive effect has been recognised in the calculation of diluted EPS for 2022.

4.7 Cash and cash equivalents

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

Cash and cash equivalents	31.12.2022	31.12.2021
Bank deposits	47,151,358	59,618,726
Total cash and cash equivalents	**47,151,358**	**59,618,726**

Restricted cash included in the cash and cash equivalents above:		
Withheld tax in relation to employee benefits	1,285,263	1,274,539

The Group has a non-current restricted rental deposit of NOK 2 900 000 connected with the lease of office space in Lysaker. The restricted cash deposits related to leases are not included as part of cash and cash equivalents.

4.8 Financial income and expenses

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

Finance income and finance costs	Class of financial instrument	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
Finance income			
Interest income	Cash and cash equivalents	307,893	1,521
Interest income on sub-lease	Finance lease receivables	630,068	258,801
Interest income - related party	Loan to related parties	403,560	-
Foreign exchange gains	Liabilites and receivables	1,056,122	1,818,450
Total finance income		**2,397,643**	**2,078,772**
Finance costs			
Interest expenses - related party	Interest-bearing liabilities	81,151	-
Interest expense leases	Lease liabilities	4,770,917	2,186,424
Interest expense - convertible bond loan	Other financial liabilities	4,161,347	-
Foreign exchange loss	Liabilites and receivables	2,297,545	516,431
Foreign exchange loss	Convertible bond loan	1,512,000	-
Other financial expenses	Other financial liabilities	31,534	5,050
Foreign exchange loss	Cash and cash equivalents	673,425	-
Total finance costs		**13,527,920**	**2,707,905**
Net financial income (expense)		**-11,130,276**	**-629,133**

Section 5 - Tax

5.1 Taxes

ACCOUNTING POLICIES

Current income tax

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

Deferred income tax

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Income tax expense	31.12.2022	31.12.2021
Current income tax expense	-	76,968
Deferred income tax expense	-	-
Total income tax expense	**-**	**76,968**

Current tax	31.12.2022	31.12.2021
Profit before taxes	**-92,580,144**	**-52,919,282**
Permanent differences	-9,154,650	268,159
Change in temporary differences	101,734,794	53,017,637
Tax basis 31.12	**-**	**366,514**
Current tax 22% (21% Inc)	-	76,968
Current tax in the financial position	**-**	**76,968**

Temporary differences	31.12.2022	31.12.2021
Property, plant and equipment	-513,039	-726,145
Intangible assets	-191,912	1,393,369
Lease agreements	-197,470	-34,223
Accruals	-2,664,585	
Accumulated loss carried forward	-172,993,321	-77,614,709
Basis for deferred tax liabilities (assets)	**-176,560,327**	**-76,981,708**
Not included in the calculation of deferred tax*	176,560,327	76,981,708
Deferred tax liabilities(assets) recognised in balance sheet	-	-

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

Reconciliation of income tax expense	31.12.2022	31.12.2021
Profit (losses) before taxes	**-87,712,262**	**-52,919,282**
22% of profit before tax	-19,277,025	-11,642,242
22% of permanent differences	-2,014,023	58,995
Not included in the calculation of deferred tax*	21,291,048	11,660,215
Not included in the calculation of deferred tax	**-**	**76,968**
Recognised income tax expense	**-**	**76,968**

Section 6 - Other disclosures

6.1 Related party transactions

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

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

Remuneration to key management 2021	Salary	Pension expense	Other expensed benefits	Total
Tore Enger (CEO)	3,705,775	74,116	382,711	4,162,602
Pål Christian Johnsen (CFO)	1,175,002	23,500	18,089	1,216,591
Bettina Nowak (CEO, USA)	1,909,114	115,759	31,083	2,055,956
Tor-Erik Hoftun (COO)	1,310,579	26,212	18,089	1,354,880
Erling Hoftun (Managing Director, TECO 2030 AS)	1,150,002	23,000	136,356	1,309,358
Total remuneration to key management	**9,250,472**	**262,586**	**586,328**	**10,099,386**

Remuneration to the board of directors in the parent company was NOK 1 400 000 in 2022.
Remuneration to the board of directors in the parent company was NOK 1295 835 in 2021.

Number of shares held by the key management and the Board of Directors	2022 Shares	2021 Shares
Tore Enger (CEO) [1)]	41,088,140	43,926,328
Pål Christian Johnsen (CFO) [2)]	860,870	860,870
Bettina Nowak (CEO, USA) [3)]	8,007,430	8,007,430
Erling Hoftun (Managing Director TECO 2030 AS)	61,852	-
Tor-Erik Hoftun (COO) [4)]	4,267,420	2,645,140
Sigurd G. Lange (Chairman) [5)]	4,347,072	3,294,475
Pia Meling (board member)	3,220	3,220
Bigit Marie Liodden (board member)	2,000	2,000
Marit Elise Kirkhusmo (board member)	-	-
John Herman Marcussen (Board member) [6)]	505,412	494,410

1) Tore Enger controls, via his 100 % owned company TECO Holding AS, approx. 76 % of TECO Group. TECO Group is in control of 52 041 430 shares in TECO 2030 ASA, approx. 1,880,883 shares through TECO Group's ownership of approx. 69.9 % in TECO Maritime Group AS and approx. 141,029 shares through TECO Group's 46.6 % ownership in Rubber Innovation Holding AS.
2) Pål Christian Johnsen is in control of 860 870 shares through his fully owned company PCJ Invest AS.
3) Bettina Nowak is in control of 8 007 430 shares via her nominee account in Citibank, N.A. in Dublin/Ireland.
4) Tor-Erik controls, via his 100 % owned company Equitor AS 2,667,145 shares directly in TECO 2030. In addtion, he holds via Equitor AS, approx. 2.96 % of TECO Group. TECO Group is in control of 52 041 430 shares in TECO 2030 ASA, approx. 1,880,883 shares through TECO Group's ownership of approx. 69.9 % in TECO Maritime Group AS and approx. 141,029 shares through TECO Group's 46.6 % ownership in Rubber Innovation Holding AS.
5) Sigurd G. Lange controls, via his 100 % owned company Lange Industries AS, 22,005 shares directly in TECO 2030 ASA. In addition, he holds via Lange Industries AS, 8 % of TECO Group. TECO Group is in control of 52 041 430 shares in TECO 2030 ASA, approx. 1,880,883 shares through TECO Group's ownership of approx. 69.9 % in TECO Maritime Group AS and approx. 141,029 shares through TECO Group's 46.6 % ownership in Rubber Innovation Holding AS.
6) John Herman Marcussen is in control of 505,412 shares though his fully owned company Marcussen Shipping AS.

Profit or loss items

Related parties - Sales of services	Type of service	01.01.2022-31.12.2022	01.01.2021-31.12.2021
BLOM Maritime AS [1)]	Advisory services	-	2,800
BLOM Maritime AS [1)]	Facilities	901,122	-
BLOM Maritime AS [1)]	Interest income	74,384	-
Nordic Made Inc [1)]	Consultancy, facilities	237,802	399,905
Blom Maritime Spolka Z.O.O [1)]	Interest income	7,110	-
Nordic Made Inc [1)]	Personnel related	-	1,932
Rubber innovation AS [2)]	Project related work	363,090	171,275
Rubber Innovation Inc	Personnel related	-	25,147
TECO Chemicals AS [1)]	Consultancy, facilities	335,497	26,098
TECO Maritime Group AS [1)]	Project costs, freight, materials	300,328	-
TECO Maritime Group AS [1)]	Advisory services	-	39,750
TECO Maritime Group AS [1)]	Facilities	335,497	-
TECO Maritime Group AS [1)]	Reimbursement expenses	9,344	-
TECO Maritime Group AS [1)]	Interest income	116,943	-
TECO Maritime Inc [1)]	Consultancy, facilities	338,728	467,507
TECO Solutions AS [1)]	Engineering services	92,395	-
TECO Solutions AS [1)]	Facilities	1,243,049	-
TECO Solutions AS [1)]	Interest income	60,450	-
Total		**4,415,740**	**1,134,414**

Related party - Services purchased	Type of service	01.01.2022-31.12.2022	01.01.2021-31.12.2021
Blom Maritime AS [1)]	Advisory services	1,945,347	1,758,764
Blom Maritime Inc	Reimbursement of travel expenses	7,796	13,002
Nordic Made Inc	Over payments	-	-4,058
Nordic Made Inc	Purchase of forklift and furniture	524,535	-
Rubber Innovation Holding AS [2)]	Interest cost	81,151	-
Rubber Innovation Holding AS [2)]	Rent of premesis	-	403,026
Rubber Innovation Holding AS [2)]	Purchase of vehicle	-	110,000
Rubber Innovation Holding AS [2)]	Reimbursement of travel expenses	-	107,948
TECO Maritime Group AS	Pesonnel	6,652	67,577
TECO Maritime Group AS	Car leasing	-	322,438
TECO Maritime Group AS	Office related costs	8,155	1,791
TECO Maritime Group AS	Reimbursement of travel expenses	33,749	-
TECO Maritime Inc	Personell insurance costs	732,555	689,692
TECO Solutions AS	Accounting Services	62,059	137,499
TECO Solutions AS	Supply chain services	1,536,055	-
Tore Enger	Rent of premesis	276,000	276,000
Total		**5,214,054**	**3,883,679**

Balance sheet items

Related parties - Assets	Balance type	31.12.2022	31.12.2021
Blom Maritime AS	Trade and other receivables	-	321,546
Blom Maritime AS	Interest-bearing loans and borrowings	2,147,053	-
BLOM Maritime Inc	Trade and other receivables	-	744,970
BLOM Maritime Inc	Interest-bearing loans and borrowings	1,023,557	-
BLOM Maritime Spolka Z.O.O.	Interest-bearing loans and borrowings	307,110	-
Nordic Made Inc	Trade and other receivables	94,102	125,908
Nordic made Inc	Interest-bearing loans and borrowings	49,287	-
Rubber Innovatino Inc	Trade and other receivables	32,770	25,792
Rubber innovation AS	Interest-bearing loans and borrowings	1,162,730	797,068
Rubber Innovation Holding AS	Interest-bearing loans and borrowings	2,211,097	1,540,575
Rubber Innovation Holding AS	Interest-bearing loans and borrowings	3,243,619	3,822,925
TECO Chemicals AS	Trade and other receivables	29,917	146,033
TECO Maritime Group AS	Trade and other receivables	-	362,465
TECO Maritime Group AS	Interest-bearing loans and borrowings	3,035,600	-
TECO Maritime Inc	Trade and other receivables	-	1,887,106
TECO Maritime Inc	Interest-bearing loans and borrowings	2,424,813	-
TECO Solutions AS	Trade and other receivables	-	437,314
TECO Solutions AS	Interest-bearing loans and borrowings	2,028,480	-
Total		**17,790,135**	**10,211,702**

The Group has claims towards TECO Maritime Group which originally were payable in 2022. New agreements have been entered into between the respective parties and the due date has been extended to 31.12.2023 with a 5 % interest p.a. Based on the measures that TECO Maritime Group has taken to improve its liquidity, TECO 2030 expects that the principal amount and any accumulated interest will be repaid. Therefore, no provisions for loss have been made.

Related party - Liabilities	Balance type	31.12.2022	31.12.2021
Blom Maritime AS	Trade and other Payables	4,044	3,619
Nordic Made Inc	Trade and other Payables	441,314	-
Rubber Innovation Holding AS	Interest-bearing loans and borrowings	1,704,180	1,623,029
Rubber Innovation Holding AS	Other Current liablities	-	87,169
TECO Maritime Inc	Trade and other Payables	-	7,969
TECO Solutions AS	Trade and other Payables	113,024	44,256
Total		**2,262,562**	**1,766,042**

Financial lease receivables includes related parties as specified below:

	% of finance lease receivable	NOK non-current finance lease receivables 31.12.2022	NOK current finance lease receivables 31.12.2022
TECO Solutions AS	38%	5,232,287	577,333
Blom Maritime AS	27%	3,814,377	420,880
TECO Maritime Group AS	10%	1,437,880	158,656
TECO Chemicals AS	10%	1,437,880	158,656
External company	14%	1,957,115	215,949
Total current and non-current finance lease receivables	**100%**	**13,879,540**	**1,531,475**

	% of finance lease receivable	NOK non-current finance lease receivables 31.12.2021	NOK current finance lease receivables 31.12.2021
TECO Solutions AS	38%	6,750,880	645,068
Blom Maritime AS	27%	4,921,443	470,260
TECO Maritime Group AS	10%	1,855,204	177,271
TECO Chemicals AS	10%	1,855,204	177,271
External company	14%	2,525,138	241,285
Total current and non-current finance lease receivables	**100%**	**17,907,869**	**1,711,154**

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

6.2 Events after the reporting period

On 8 February TECO 2030 announced that the HyEkoTank project, which has been awarded a EUR 5 million grant under the European funding scheme HORIZON EUROPE, started, together with Shell and the other consortium partners.

On 12 February, TECO 2030 annonced that some option holders under TECO 2030 ASA's share incentive program has exercised a total of 226,667 options at an exercise price of NOK 4.00 per share. The exercised options were settled by issuance of new shares. Amongst the option holders exercising shares, one primary insider; Pia Meling, Board member, exercised 50,000 options. The share capital increase pertaining to the issuance of the new shares was registered with the Norwegian Register of Business Enterprises on 16 February increasing the share capiral by NOK 2,266.67 to NOK 1,587,379.98 divided into 158,737,998 shares, each with a nominal value of NOK 0.01.

On 11 February 2023, the Board of Directors approved an Extraordinary Conversion Option on 16 February 2023 in respect of the convertible bond loan. This Extraordinary Conversion Option was made with equal terms to all bond holders. Bond holders converted a total nominal amount of NOK 19,6 million convertible debt into 3 843 280 shares in TECO 2030 ASA based on the stipulated conversion rate in the bond agreement of NOK 5.0868. Share capital was increased by NOK 38 433 and Share premium increased by NOK 19,511,567.The share capital increase pertaining to the issuance of the new shares was registered registered with the Norwegian Register of Business Enterprises on 27 February 2023. The Company's new registered share capital following this conversion is NOK 1,625,812.78 divided into 162,581,278 shares, each with a nominal value of NOK 0.01.

On 15 March, the Company held an Extraordinary General Meeting where the Board got the autorisaton to issue a new convertible loan with an aggregate amount of up to NOK 37.7 million. As per date of the financial statements, a total of NOK 12 million has been raised among some new and some existing investors. The bond loan is based on similar terms as the convertible bond loan issued in 2022 except the conversion price which was set at NOK 9.7307.

On 17 March, the Company announced that it had fulfilled all requirements from Innovation Norway related to the NOK 50 million grant awarder in October 2021 in relation to its fuel cell-development project. The first payment of NOK 15 million (30%) was released from Innovation Norway during March. Another 50% of the grant is expected to be paid out shortly after the signing of the financial statements whereas the final 20% will be paid out following the projects end-report (Q3/Q4-2023).

There are no other significant events after the reporting date.

6.3 Investments in subsidiaries

Name of entity	Year of acqusition / incorporation	Place of incorporation	Ownership %
TECO 2030 AS	2020	Norway	100%
TECO2030 Power System AS [1)]	2020	Norway	100%
TECO 2030 INC	2020	USA	100%
TECO 2030 PTE LTD	2020	Singapore	100%
TECO 2030 Carbon Capture AS	2021	Norway	100%
TECO 2030 Future Funnel AS	2021	Norway	100%
TECO 2030 Innovation Center AS	2021	Norway	100%

1) TECO2030 Power Systems AS changed name from TECO 2030 Fuel Cell AS in 2022. The name change was registered on 10 March 2022.

TECO 2030 ASA
Statements of Comprehensive Income

Amounts in NOK	Notes	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
Total revenue		2,783,980	2,100,102
Personnel expenses	2.1	-17,827,756	-17,861,860
Other operating expenses	2.2	-23,278,571	-10,778,414
Depreciation and amortisation	3.1,3.2	-2,395,998	-3,027,172
Total operating expenses		**-43,502,325**	**-31,667,446**
Operating profit (loss)		**-40,718,346**	**-29,567,344**
Finance income	4.8	9,294,118	3,032,153
Finance cost	4.6,4.8	-9,068,408	-671,399
Net financial income (expense)		**225,709**	**2,360,754**
Profit (loss) before tax		**-40,492,636**	**-27,206,590**
Profit (loss) before tax		**-40,492,636**	**-27,206,590**
Other comprehensive income:		-	-
Items that will not be reclassified to profit or loss		-	-
Items that will be reclassified to profit or loss		-	-
Total other comprehensive income for the period		-	-
Comprehensive income for the year		**-40,492,636**	**-27,206,590**

TECO 2030 ASA
Statements of Financial Position

Amounts in NOK	Notes	31.12.2022	31.12.2021
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	530,589	542,767
Intangible assets	3.2	51,885,405	38,929,711
Restricted deposits	4.7	2,900,000	2,900,000
Right-of-use assets	3.3	9,104,805	3,158,892
Finance lease receivables	3.3	25,121,340	32,412,434
Shares in subsidiaries	6.3	2,753,297	2,439,578
Other non-current assets		818,182	-
Total non-current assets		**93,113,618**	**80,383,382**
Current assets			
Trade and other receivables	2.3,6.1	15,744,008	5,702,374
Other receivables group companies	6.1	239,900,333	80,148,094
Other current assets		4,691,923	1,633,461
Current Financial lease receivables	3.3	2,771,901	3,097,112
Cash and cash equivalents	4.7	42,184,722	57,259,772
Total current assets		**305,292,886**	**147,840,813**
TOTAL ASSETS		**398,406,504**	**228,224,195**

Amounts in NOK	Notes	31.12.2022	31.12.2021
EQUITY AND LIABILITIES			
Equity			
Share capital	4.6	1,585,114	1,403,699
Share premium		262,260,674	180,264,067
Other reserves		14,447,702	5,770,480
Retained earnings		-86,677,912	-46,185,275
Total equity		**191,615,578**	**141,252,971**
Non-current liabilities			
Non-current lease liabilities	3.3	33,139,466	35,232,836
Other non-current liabilities		375,000	375,000
Non-current Liaiblities to group companies	6.1	51,644,154	-
Convertible bonds	4.3	93,248,447	-
Total non-current liabilities		**178,407,066**	**35,607,836**
Current liabilities			
Current lease liabilities	3.3	4,056,050	3,469,825
Current Liabilities to group companies	6.1	3,152,801	37,357,553
Interest-bearing loans and borrowings	6.1	1,704,180	1,623,029
Trade and other payables	2.4	8,782,347	5,813,046
Other current liabilities	2.5	10,688,481	3,099,939
Total current liabilities		**28,383,859**	**51,363,392**
Total liabilities		**206,790,925**	**86,971,228**
TOTAL EQUITY AND LIABILITIES		**398,406,504**	**228,224,195**

Oslo, 27 April, 2023

Sigurd Gaarder Lange
Chairman of the Board

Pia Meling
Member of the Board

Birgit Marie Liodden
Member of the Board

Marit Elise Kirkhusmo
Member of the Board

Tim Young
Member of the Board

John Herman Marcussen
Member of the Board

Tore Enger
Chief Executive Officer

TECO 2030 ASA
Statements of Changes in Equity

Amounts in NOK	Notes	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Balance at 1 January 2021		**1,200,000**	**83,805,377**	**449,731**	**-18,978,686**	**66,476,423**
Issuance of shares 13.01.2021		40,000	9,950,000	-	-	9,990,000
Issuance of shares 02.07.2021		32,446	19,967,539	-	-	19,999,985
Issuance of shares 20.10.2021		41,253	21,448,920	-	-	21,490,173
Issuance of shares 23.12.2021		90,000	44,910,000	-	-	45,000,000
Other Paid in Capital		-	-	-		-
Share-base payment		-	-	5,770,480	-	5,770,480
Transaction costs on share issue		-	-267,500	-	-	-267,500
Conversion rights		-	449,731	-449,731	-	-
Profit (loss) for the year		-	-	-	-27,206,590	-27,206,590
Profit (loss) for the year		**1,403,699**	**180,264,067**	**5,770,480**	**-46,185,276**	**141,252,972**

Amounts in NOK	Notes	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Balance at 1 January 2022		**1,403,699**	**180,264,067**	**5,770,480**	**-46,185,276**	**141,252,971**
Issuance of shares 14.03.2022		16,088	6,686,285	-	-	6,702,373
Issuance of shares 24.10.2022		17,692	8,022,179	-	-	8,039,871
Issuance of shares 26.10.2022		7,189	3,259,757	-	-	3,266,946
Issuance of shares 07.11.2022		6,007	2,723,986	-	-	2,729,994
Other Paid in Capital		-	-	-	-	-
Issuance of shares 17.11.2022		96,028	51,950,972	-	-	52,047,000
Issuance of shares 29.11.2022		38,411	20,780,389	-	-	20,818,800
Share-based payments		-	-	1,392,974	-	1,392,974
Transaction costs on issuance of shares		-	-11,426,963	-	-	-11,426,963
Conversion rights - July 2022 convertible debt		-	-	3,831,653		3,831,653
Conversion rights - November 2022 convertible debt		-	-	2,370,791	-	2,370,791
Warrants		-	-	1,081,803	-	1,081,803
Profit (loss) for the year		-	-	-	-40,492,636	-40,492,636
Balance as of 31 December 2022		**1,585,114**	**262,260,674**	**14,447,702**	**-86,677,912**	**191,615,578**

TECO 2030 ASA
Statements of Cash Flows

Amounts in NOK

Cash flows from operating activities	Notes	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
Profit or loss before tax		**-40,492,636**	**-27,206,590**
Adjustments to reconcile profit before tax to net cash flows:			
Net financial income/expense		-1,297,665	-60
Conversion right		-	12,315
Share based payments		1,392,974	5,770,480
Depreciation, amortisation and impairment	3.1,3.2	2,395,998	3,027,172
Changes in working capital:			
Changes in trade receivables and other receivables	2.4	-161,567,996	-63,696,465
Changes in trade and other payables	2.5	23,565,758	35,949,272
Change in inventories		-	6,084,475
Other adjustments		-2,747,999	-567,353
Net cash flows from operating activities		**-178,751,567**	**-40,626,754**

Cash flow from investing activities			
Purchase of property, plant and equipment	3.1	-269,120	-496,170
Development expenditures	3.2	-4,804,331	-36,669,923
Purchase of shares and investments in other companies	6.3	-	-1,379,578
Loans to related parties	6.1	-8,225,877	-
Interest received	4.8	304,058	904
Net cash flows from investing activities		**-12,995,269**	**-38,544,767**

Cash flows from operating activities	Notes	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
Cash flow from financing activities			
Net proceeds from issuance of equity		82,935,283	96,662,389
Net proceeds from convertible debt	4.3	98,355,759	0
Repayment of interest		-2,824,626	-969
Proceeds from public funding		-	375,000
Cash payments for the principal portion of the lease liability	3.3	-3,840,334	-1,503,220
Cash payments for the interest portion of the lease liability	3.3	-1,525,706	-538,894
Cash received for the principal portion of the sublease receivables		2,665,288	-
Cash received for the Interest portion of the sublease receivables		1,140,393	-
Net cash flows from financing activities		**176,906,058**	**94,994,306**
Net increase/(decrease) in cash and cash equivalents		-14,840,779	15,822,785
Cash and cash equivalents at beginning of the year/period	4.7	57,259,772	40,475,846
Effects of exchange rate changes on cash and cash equivalents		-234,273	961,140
Cash and cash equivalents, end of year		**42,184,722**	**57,259,772**

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

TECO 2030 ASA
Notes to financial statements

Section 1 - Overview

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

TECO 2030 ASA (org. nr. 923 706 747) is a public limited liability company incorporated and domiciled in Norway. The Company was incorporated on 30 September 2019, as a limited liability company, under the name TECO EGCS AS, before it subsequently changed its name to TECO 2030 AS. On 5 August 2020 an extraordinary general meeting approved conversion from a limited liability company to a public limited company under the name TECO 2030 ASA. TECO 2030 ASA shares are traded on Euronext Growth (Oslo, Norway). The registered office address of TECO 2030 is Lysaker Torg 45, 1366 Lysaker, Norway.

The financial statements for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Board on 16 March 2022. Until this date the Board of Directors has the authority to amend the financial statements.

1.2 Basis of preparation
The financial statements of TECO 2030 consist of the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and related notes. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) effective as of 31 December 2022. The financial statements also include the additional applicable disclosure requirements in the Norwegian Accounting Act as effective as of 31 December 2022. The financial statements have been prepared on a historical cost basis and are presented in Norwegian Kroner (NOK). The financial statements are prepared on a going concern basis.

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

Judgements

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

Capitalisation of internal development costs

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

Estimates and assumptions

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

Useful lives of intangible assets

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

Deferred tax assets

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

Going concern

The strategy for the Group includes significant growth over the next years. This growth will be capital intensive and further funding will be required. However, as part of the going concern assessment, Management has prepared scenario analysis with reduced growth/activity based on current cash position but without uncommitted funding. One scenario is based on full progress according to the Group's growth strategy, including a relatively conservative sales forecast, whereas the other scenario includes a scenario with scaled downed operation, no additional sales nor growth or further product development. As per these assessments, the necessary conditions required for the continuation of the Company as a going concern are confirmed to exist and the financial statements are prepared under the going concern assumption.

Financial instruments

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

1.4 Significant accounting policies

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

Foreign currency translation

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

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

Current/non-current classification

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

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

Deferred tax assets and deferred tax liabilities are classified as non-current.

Subsidiaries

Investments in subsidiaries are recognised at acquisition cost.

Cash and cash equivalents

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

Trade receivables

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

Inventories

Inventory consists of purchased finished goods, which are stated at the lower of cost and net realisable value. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Costs are assigned to individual items of inventory on the basis of weighted average costs. The inventory at the end of 2021 consisted of two 10 MW scrubbers. During 2022 this inventory was transferred to a subsidiary at book value. In December 2022, the subidiary entered into a sales contract for on of the two scrubbers. The scrubber will be delivered to the customer towards the end of Q1 2023. The second scrubber is till on stock. As of the end of 2022, the Company does not own any other inventory.

Government grants

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

Statement of cash flows

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

Distribution to shareholders

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

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

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

1.5 New standards and amendments

The new standards and amendments that are effective for the first time for periods commencing on or after 1 January 2022 were adopted by the Company but did not have any impact or were not relevant to the Company's financial statements upon adoption.

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

Section 2 - Operating performance

2.1 Employee benefit expenses

Employee benefit expense	01.01.2022-31.12.2022	31.12.2021-31.12.2021
Salaries and wages	12,043,623	12,000,037
Social security tax*	4,244,503	2,016,722
Pension	890,214	455,235
Other personnel costs	707,311	204,010
Share-based payments	1,079,255	4,570,902
Capitalised personnel expense	-1,258,650	-1,156,215
Reimbursed personnel expenses	121,500	-121,500
Reimbursement - Government grants (Skattefunn)	-	-107,331
Total employee benefit expenses	**17,827,756**	**17,861,860**

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

The Company has 6 employees as of year-end 2022.

Capitalised personnel expense

Personal expense of NOK 1 258 650 has been capitalised as development.

Pensions

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

Share-based payments

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

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

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

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

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

Description

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

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

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

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

As of year-end 2022 there are a total of 1 650 000 vested and exercisable options with a remaining life of 25 months and a strike price of NOK 4. As of year-end 2021 none of the options were vested or exercisable. Share-based compensation expense recognised in 2022 is NOK 1 079 255 (2021: NOK 4 570 902). The social security liability related to the options as of year-end 2022 is NOK 2 493 577 (2021: NOK 180 304). Summaries of the options outstanding as of year-end 2022, in total and for key management and the board of directors are presented in the following tables.

Key management	**Options granted 2022**	**Options granted 2021**	**Options exercised in 2022**	**Options expired in 2022**	**Total options outstanding 31.12.2022**	**Options vested and exercisable as of 31.12.2022**
Tore Enger (CEO)	-	1,500,000	-	-	1,500,000	500,000
Pål Christian Johnsen (CFO)	-	450,000	-	-	450,000	150,000
Tor-Erik Hoftun (COO)	-	900,000	-	-	900,000	300,000
Erling Hoftun (Managing Director TECO 2030 AS)	-	200,000	-	-	200,000	-
		3,050,000	**-**	**-**	**3,050,000**	**950,000**

Options granted to all employees	2022	2021
Options granted during the year	-	5,350,000
Options exercised during the year	-	-
Options expired or terminated during the year	-	-
Total options outstanding 31.12	5,350,000	5,350,000
Total options vested and exercisable as of 31.12	1,513,636	-

Board of directors	Options granted 2022	Options granted 2021	Options exercised in 2022	Options expired in 2022	Total options outstanding 31.12.2022	Options vested and exercisable as of 31.12.2022
Sigurd Lange	-	1,500,000	-	-	1,500,000	500,000
Birgit Liodden	-	150,000	-	-	150,000	50,000
Pia Meling	-	150,000	-	-	150,000	50,000
Marit Kirkhusmo	-	150,000	-	-	150,000	50,000
Herman Marcussen	-	150,000	-	-	150,000	50,000
Tim Young*	-	-	-	-	-	-
Total	**-**	**2,100,000**	**-**	**-**	**2,100,000**	**700,000**

* Tim Young was elected a member of the Board of Directors in December 2022 and hence not member of the scheme adopted in 2021.

B&S Option value	Tranche 1	Tranche 2	Tranche 3
Shareprice (NOK)	6.35	6.35	6.35
Strike price (NOK)	4	8	10
Risk-free interest rate	0.55%	0.55%	0.55%
Expected life - years	4	4	4
Expected dividend (NOK)	-	-	-
Volatility	21.51%	21.51%	21.51%
Option fair value (NOK)	**2.57**	**0.61**	**0.28**
Number of options granted per tranche	1,650,000	1,850,000	1,850,000
Total option fair value at grant date (NOK)	**4,248,487**	**1,121,432**	**510,666**
Vesting period from grant date	**12 months**	**24 months**	**36 months**

2.2 Other operating expenses

Other operating expenses (NOK)	01.01.2022-31.12.2022	01.01.2021-31.12.2021
Management fees	-	-
Legal, audit and professional fees	8,699,242	4,685,332
Other operating expenses	14,579,329	6,295,666
Reimbursement - Government grants (Skattefunn)	-	-202,584
Total other operating expenses	**23,278,571**	**10,778,414**

Auditor fees	01.01.2022-31.12.2022	01.01.2021-31.12.2021
Statutory audit (excl. VAT)	330,600	322,225
Audit related services and attestation (excl. VAT)	180,875	177,500
Total remuneration to the auditor	**511,475**	**499,725**

2.3 Trade and other receivables

Trade and other receivables	31.12.2022	31.12.2021
Trade receivables	3,675,829	1,863,015
Other receivables	-	402,659
Government grants receivable (Skattefunn)	948,845	543,243
Interest bearing loans related parties	11,119,334	2,893,457
Total other receivables	**15,744,008**	**5,702,374**

2.4 Trade and other payables

Trade and other payables (NOK)	31.12.2022	31.12.2021
Trade payables	5,016,437	4,436,267
Public duties payable	3,765,910	1,376,779
Total trade and other payables	**8,782,347**	**5,813,046**

2.5 Other current liabilities

	31.12.2022	31.12.2021
Salaries payable and board remuneration payable	1,269,534	1,095,024
Contract liabilities	5,200,000	
Other accrued expenses	4,218,947	2,004,915
Total other current liabilities	**10,688,481**	**3,099,939**

Section 3 - Asset base

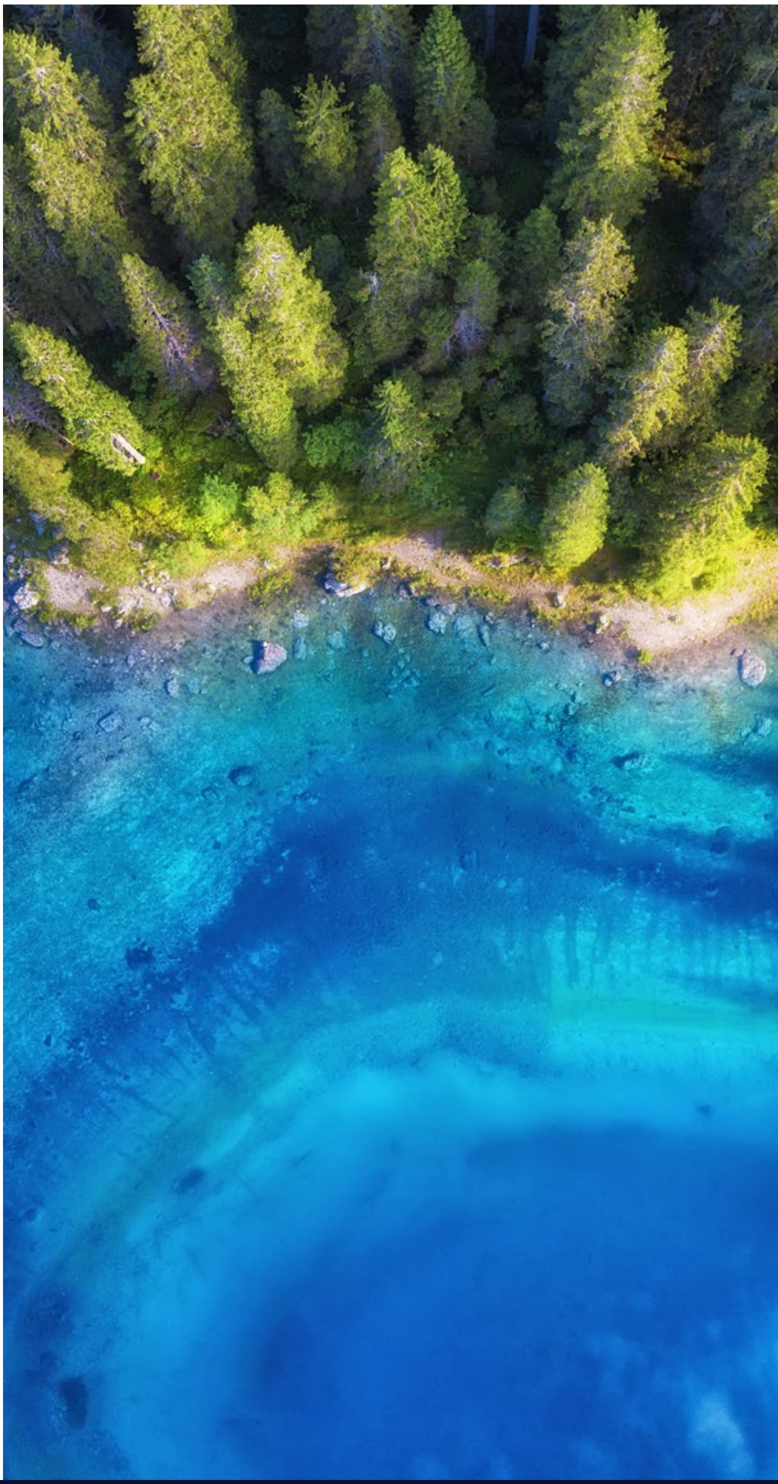
3.1 Property, plant and equipment

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

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

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

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



	Equipment and movables	Total
Acquisition cost 01.01.2021	**274,878**	**274,878**
Additions	577,888	577,888
Disposals	-	-
Reclassifications	-	-
Acquisition cost 31.12.2021	**852,766**	**852,766**
Accumulated depreciation & impairment 31.12.2021	-81,718.0	-81,718.0
Depreciation for the year	-228,281.0	-228,281.0
Disposals	-	-
Impairment	-	-
Reclassifications	-	-
Accumulated depreciation & impairment 31.12.2021	**-309,999.0**	**-309,999.0**
Carrying amount 31.12.2021	**542,767**	**542,767**

	Equipment and movables	Total
Acquisition cost 01.01.2022	**852,766**	**852,766**
Additions	269,120	269,120
Disposals	-	-
Reclassifications	-	-
Acquisition cost 31.12.2022	**1,121,886**	**1,121,886**
Accumulated depreciation & impairment 31.12.2021	-309,999	-309,999
Depreciation for the year	-281,298	-281,298
Disposals	-	-
Impairment	-	-
Reclassifications	-	-
Accumulated depreciation & impairment 31.12.2022	**-591,297**	**-591,297**
Carrying amount 31.12.2022	**530,589**	**530,589**
Economic life (years)	3-5	
Depreciation plan	Straight-line method	

3.2 Intangible assets

Nature of the Company's intangible assets

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

- TECO Smart Scrubber - Exhaust Gas Cleaning Systems
- Capitalised value of aquired sales and distribution agreements
- TECO PEM Fuel cells
- TECO Fuel Cell Factory

ACCOUNTING POLICIES
Intangible assets acquired in a business combination

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

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

SIGNIFICANT ACCOUNTING JUDGEMENTS
Capitalisation of internal development costs

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

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

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

Amortisation of the asset begins when the asset is available for use and is amortised over the period of expected future benefit. The Company concluded that the Smart Scrubber was available for use from 1 April 2020 and therefore is now amortised over its estimated useful life. No indicators for impairment of intangible assets were identified in the current or prior period.

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS
Useful lives of intangibles

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

	Development	Completed development	Sales and distribution agreement	Production plant design development	Website	Total
Acquisition cost 01.01.2021	**745,817**	**11,999,457**	**3,750,000**	**-**	**50,400**	**16,545,674**
Additions	34,482,638	-	-	**1,208,445**	-	35,691,083
Disposals	-	-	-	-	-	-
Reimbursement - Government grants (Skattefunn)	-3,724	-	-	-229,605	-	-233,329
Reclassifications	-	-	-	-	-	-
Acquisition cost 31.12.2021	**35,224,731**	**11,999,457**	**3,750,000**	**978,840**	**50,400**	**52,003,428**
Accumulated amortisation & impairment 01.01.2021	-	-1,103,958	-312,500	-	-1,680	-1,418,138
Amortisation for the year	-	-1,790,851	-750,000	-	-10,080	-2,550,931
Impairment	-	-	-	-	-	**-**
Disposals	-	-	-	-	-	**-**
Reclassifications	-	-	-	-	-	**-**
Transferred to Subsidiaries	-	-9,104,649	-	-	-	-9,104,649
Accumulated amortisation & impairment 31.12.2021	**-**	**-2,894,808**	**-1,062,500**	**-**	**-11,760**	**-13,073,717**
Carrying amount 31.12.2021	**35,224,731**	**-**	**2,687,500**	**978,840**	**38,640**	**38,929,711**

	Development	Completed development	Sales and distribution agreement	Production plant design development	Website	Total
Acquisition cost 01.01.2022	**35,224,731**	**-**	**3,750,000**	**978,840**	**50,400**	**40,003,971**
Additions	13,030,085	-	-	1,657,865	-	14,687,950
Disposals	-	-	-	-	-	-
Reimbursement - Government grants (Skattefunn)	-633,850	-	-	-314,994	-	-948,844
Reclassifications	-	-	-	-	-	-
Currency translation effects	-	-	-	-	-	-
Acquisition cost 31.12.2022	**47,620,966**	**-**	**3,750,000**	**2,321,711**	**50,400**	**53,743,077**
Accumulated amortisation & impairment 01.01.2022	**-**	**-**	**-1,062,500**	**-**	**-11,760**	**-1,074,260**
Amortisation for the year	-	-	-750,000	-23,333	-10,080	-783,413
Impairment	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Transferred to Subsidiaries	-	-	-	-	-	-
Accumulated amortisation & impairment 31.12.2022	**-**	**-**	**-1,812,500**	**-23,333**	**-21,840**	**-1,857,673**
Carrying amount 31.12.2022	**47,620,966**	**-**	**1,937,500**	**2,298,378**	**28,560**	**51,885,405**
Economic life (years)		7	5		5	5
Amortisation plan		Straight-line method	Straight-line method		Straight-line method	Straight-line method

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

Intangible assets with indefinite useful lives - Impairment considerations

Intagible assets

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

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

3.3 Leases

Identifying a lease

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

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

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

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

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

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

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

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

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

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

Interest Rate

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

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

Right-of-use assets

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

Right - of use assets	Premises	Vehicles	Total
Acquisition cost 01.01.2021	**0**	**0**	**0**
Addition of right-of use assets	2,287,007	1,201,563	3,488,570
Disposals	-	-	-
Transfers and reclassifications	-	-	-
Acquisition cost 31 December 2021	**2,287,007**	**1,201,563**	**3,488,570**
Depreciation and impairment 31 December 2021	-	-	-
Change in contract	-	-	-
Depreciation	-76,234	-253,444	-329,678
Impairment losses in the period	-	-	-
Disposals	-	-	-
Transfer and reclassifications	-	-	-
Currency exchange differences	-	-	-
Accumulated depreciation and impairment 31 December 2021	-76,234	-253,444	-329,678
Carrying amount of right-of use assets 31 December 2021	**2,210,773**	**948,119**	**3,158,892**

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

Lease liabilities

Undiscounted lease liabilities and maturity of cash outflows	2022	2021
Less than 1 year	4,109,263	3,623,029
1-2 years	4,251,759	3,754,694
2-3years	4,120,341	3,891,625
3-4 years	4,079,030	3,702,625
4-5years	4,167,499	3,850,730
Beyond 2026 / Later than 5 years	16,552,804	19,911,180
Total undiscounted lease liabilities at 31 December	**37,280,696**	**38,733,882**

Summary of the lease liabilities in the financial statements	Statement of:	Total
Changes in contracts		
New lease liabilities recognised in the year		**781,171**
Cash payments for the principal portion of the lease liability	Cash flows	**3,840,334**
Cash payments for the interest portion of the lease liability	Cash flows	**1,525,706**
Interest expense on lease liabilities	Profit and loss	**1,525,706**
Reassessment of the discount rate on previous lease liablities	Profit and loss	**-**
Total lease liabilities at 31 December 2022		**37,195,515**
Current lease liabilities	Balance sheet	4,056,050
Non-current lease liabilities	Balance sheet	33,139,466
Total cash outflows for leases	Cash flows	5,366,040

TECO 2030 ASA subleases the office location Lysaker Torg 45 to various companies over the same time period as the head lease. The Current financial lease receivables related to this sublease as of 31.12 2022 is NOK 2 771 901, the non-current financial lease receivable is NOK 25 121 340.

Section 4 - Financial instruments, risk and equity

4.1 Financial instruments

ACCOUNTING POLICIES

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

Classification of financial instruments:

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

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

Financial assets measured at amortised cost:

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

Financial liabilities measured at amortised cost:

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

Financial liabilities measured at fair value:

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

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

Initial recognition and subsequent measurement

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

Impairment of financial assets

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

Derecognition of financial liabilities

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

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

31.12.2022	Note	Financial instruments at amortised cost	Total
Assets			
Other receivables intercompany	6.1	239,900,333	239,900,333
Loans to related parties	6.1	10,934,630	10,934,630
Trade receivables	2.3,6.1	3,675,829	3,675,829
Finance lease receivables	3.3	27,893,240	27,893,240
Cash and cash equivalents *	4.7	42,184,722	42,184,722
Government grants receivable (Skattefunn)	2.3	948,845	948,845
Total financial assets		**325,537,599**	**325,537,599**
Liabilities			
Interest bearing liabilities to related parties	4.2	1,704,180	1,704,180
Current and non-current lease liabilities	3.3	37,195,515	37,195,515
Current liabilities to group companies	6.1	3,152,801	3,152,801
Trade payables	2.4	5,016,437	5,016,437
Total financial liabilities		**47,068,934**	**47,068,934**

31.12.2021	Note	Financial instruments at amortised cost	Total
Assets			
Other receivables intercompany	6.1	80,148,094	80,148,094
Loans to related parties	6.1	-	-
Trade receivables	2.3,6.1	1,863,015	1,863,015
Current finance lease receivables	3.3	3,097,112	3,097,112
Cash and cash equivalents *	4.7	57,259,772	57,259,772
Government grants receivable (Skattefunn)	2.3	543,243	543,243
Total financial assets		**142,911,236**	**142,911,236**
Liabilities			
Interest bearing liabilities to related parties	4.2	1,623,029	1,623,029
Current and non-current lease liabilities	3.3	38,702,661	38,702,661
Current liabilities to group companies	6.1	37,357,553	37,357,553
Trade payables	2.4	4,436,267	4,436,267
Total financial liabilities		**82,119,510**	**82,119,510**

4.2 Interest-bearing loans and borrowings

Current interest bearing loans and borrowings	31.12.2022	31.12.2021
Borrowings from related parties	1,704,180	1,623,029
Convertible bond loan	93,248,447	-
Net total current interest bearing loans and borrowings	**94,952,627**	**1,623,029**

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

The convertible loan agreement from November 2022 is secured with a formally registered property mortgage on leased facilities in Narvik. TECO 2030 ASA has obtained the right to register the Narvik facilities as colleteral.

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

	Convertible bond loan	Borrowings related parties	Total
Balance at 01.01.2021	**10,000,000**	**1,623,029**	**11,623,029**
Non-cash changes			
Redemption of convertible bond loan for shares	-10,000,000	-	-10,000,000
Total non-cash changes	**10,000,000**	**-**	**-10,000,000**
Balance 31.12.2021	**-**	**1,623,029**	**1,623,029**
Changes from financing cash flows			
Proceeds from convertible bonds	101,843,827	-	101,843,827
Payment of transaction costs convertible bonds	-2,988,068	-	-2,988,068
Payment of interest	-2,824,626	-	-2,824,626
Payment of collateral fee convertible bonds	-500,000	-	-500,000
Total changes from financing cash flows	**95,531,133**	**-**	**95,531,133**

	Convertible bond loan	Borrowings related parties	Total
Non-cash changes			-
			-
Derivative conversion rights transfered to equity	-6,202,444	-	-6,202,444
Transaction costs convertible bonds - warrants	-324,541	-	-324,541
Total interest expense - convertible bonds	3,244,297	-	3,244,297
Transaction costs - collateral fee convertible bonds	1,000,000	-	1,000,000
Accrued interests		81,151	81,151
Total non-cash changes	**-2,282,688**	**81,151**	**-2,201,537**
Balance 31.12.2022	**93,248,447**	**1,704,180**	**94,952,626**

4.3 Convertible bonds

Accounting principles

TECO 2030 accounts for the secured convertible bond agreements in accordance with IFRS 9 Financial Instruments and IAS 32 Financial Instruments: Presentation.

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

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

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

Description

June 2022 convertible debt issuance

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

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

The conversion rights in the June 2022 convertible debt meet the definition of "fixed-for-fixed". There are no embedded derivatives in the debt agreement. The interest payable on the secured convertible debt is fixed at 8%. Management has evaluated the market interest rate for this loan without the conversion rights to be 10,5%. The difference in the net present value of the cash flows at these two interest rates is the fair value of the conversion rights. The equity conversion rights have been recognised in the financial statements directly to equity at a fair value of NOK 3,8 million, presented as part of Other reserves. Initial recognition of the debt is at fair value using the market interest rate of 10,5%. The 31 December 2022 amortised cost of the June 2022 convertible debt is NOK 67 million, presented as a non-current liability. The total interest expense recognised in P&L for the June 2022 convertible debt during 2022 is NOK 3,79 million.

The June 2022 convertible debt is secured with a formally registered ("tinglyst") property mortgage on the leased Narvik production facility. The Narvik production facility lease includes a purchase option. TECO 2030 has obtained the right to register the Narvik facility as collateral against their convertible debt by means of a payment to the lessor of NOK 1 million. NOK 500 000 has been paid in June 2022 and the remaining NOK 500 000 is payable in 2023. This NOK 1 million is appropriately accounted for as a direct transaction cost to secure the loan and is included in the measurement of the interest expense for the loan using the effective interest method. The prepayment of NOK 500 000 and the payable of NOK 500 000 is presented in the balance sheet as Other non-current assets as of 31 December 2022. This NOK 1 million will be amortised over the life of the loan (or until conversion) as interest expense.

November 2022 convertible debt issuance

TECO 2030 ASA entered into an additional secured convertible bond agreement on 25 November 2022 ("November 2022 convertible debt"). TECO 2030 borrowed a total of NOK 31,2 million from-, and issued shares to Sun Hydrogen Inc. (See note 4.6 for details related to the share issuance). The terms and conditions of the November 2022 convertible debt are the same as for the June 2022 convertible debt.

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

The conversion rights in the November 2022 convertible debt meet the definition of "fixed-for-fixed". There are no embedded derivatives in the debt agreement. The interest payable on the secured convertible debt is fixed at 8%. Management has evaluated the market interest rate for this loan without the conversion rights to be 12%. The difference in the net present value of the cash flows at these two interest rates is the fair value of the conversion rights. The equity conversion rights have been recognised in the financial statements directly to equity at a fair value of NOK 2,3 million, presented as part of Other reserves. Initial recognition of the debt is at fair value using the market interest rate of 12%. The 31 December 2022 amortised cost of the November 2022 convertible debt is NOK 26 million, presented as a non-current liability. The total interest expense recognised in P&L for the November 2022 convertible debt during 2022 is NOK 374 thousand.

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

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

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

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

4.4 Fair value measurement

ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

Fair value disclosures

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

4.5 Risk management

Risk factors

The TECO 2030 group is, like all companies, subject to several different risk factors. These risk factors range from business areas such as operational risks, financial risks (credit, liquidity, interest etc.), and market risks. TECO 2030 is, despite the extensive experience represented by the BoD, employees and major shareholders, a young group of companies, this by itself contributes to a number of risk factors which companies with longer track records may not experience. Limited history will entail increased risk within certain areas and provide challenges that are rarely relevant to established companies. On the other hand, this might also be an advantage as the Group, for instance, does not carry with it historical obligations and associated risks.

The BoD and management team of TECO 2030 are constantly monitoring the various risk factors in order to control these and to foresee and prevent various sources of risks from becoming critical.

Operational risk factors

As TECO 2030 is in an early stage and to a substantial extent depends on external partners for development and production, the internal operational risks are limited. However, the Group is dependent on recruiting and retaining highly qualified personnel. As TECO 2030 continues its rapid growth the company needs to ensure that the company has the correct processes in place to enable implementation of its business plan in a rapidly evolving market.

The Group will also need to maintain close relationships with its key business partners. A failure to do so will have an adverse effect on the company's future projections.

Development risk

Developing new technologies is always associated with development risk. The development of the TECO 2030 Fuel Cells is done in close cooperation with AVL, a major development company with a long track record of developing new technologies within the areas in which TECO 2030 operates. TECO 2030 also has strong development competence within the organization. Even so, there is a risk that developed products do not function as well as anticipated, either due to technical failures or other technical or design challenges, or that competing and superior technologies emerge, leading to TECO 2030's products being outperformed by competitors. Although relying on already available patents from AVL and/or jointly developed patents by AVL and TECO 2030, the risk of patent restrictions might occur.

Market risk

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

Interest rate risk

As per year end 2022 the company has a limited exposure to interest rate risk. The company's convertible bond loan of NOK 101,8 million has a fixed rate of 8% yearly interest. Furthermore, TECO 2030 has an approx. NOK 6,6 million leasing agreement related to various equipment.

Liquidity risk/Financing risk

Through 2022 the company has successfully raised NOK 93.6 million through four private placements as well as raising an additional NOK 101,8 million through a convertible bond loan. During 2022 the company produced its first fuel cell stack and thoughout 2023 more and more focus will be shifting towards production and sales. However, the company is still in a growth- and development phase which, in itself, carries a lot of costs. In the future TECO 2030's ability to secure favourable payment terms, as well as the Group's ability to favorably enter the market, will determine the Company and the Group's liquidity needs. The Company may therefore also need to seek additional funding in the future to reach its growth targets. As desccribed under the Going Concern-assumption, various scenarios may have a significant impact on the Company and the Group's future growth.

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

As at 31 December 2022	< 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
Borrowings related parties (Note 4.2)	1,704,108	-	-	-	1,704,108
Intercompany borrowings (Note 6.1)	3,152,801	-	-	-	3,152,801
Trade payables (Note 2.5)	8,782,347	-	-	-	8,782,347
Convertible loans (Note 4.3)	8,230,781	114,065,086	-	-	122,295,868
Lease liabilities (Note 3.3)	4,109,263	4,251,759	12,366,870	16,552,804	37,280,696
Total contractual undiscounted payments	**25,979,300**	**118,316,845**	**12,366,870**	**16,552,804**	**173,215,820**

As at 31 December 2021	< 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
Borrowings related parties (Note 4.2)	1,623,029	-	-	-	1,623,029
Intercompany borrowings (Note 6.1)	37,357,553	-	-	-	37,357,553
Trade payables (Note 2.5)	5,813,046	-	-	-	5,813,046
Lease liabilities (Note 3.3)	3,623,029	3,754,694	11,444,979	19,911,180	38,733,882
Total contractual undiscounted payments	**48,416,657**	**3,754,694**	**11,444,979**	**19,911,180**	**83,527,510**

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 the end of 2022 and has established internal guidelines in order to minimise the credit risk related to our customer receivables. The Group also has receivables from related group-companies which have been extended to 31.12.2023 thoguh agreements due to the companies not being able to pay upon the maturity.

Risks related to regulations and political risk

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 EU and IMO, the United Nations authority to serve as a regulator of all vessels sailing in international waters, may affect the market for products in the markets in which TECO 2030 operates. Additionally, regulations might be imposed from by flag states and local authorities.

Risks related to key personnel and competence

TECO 2030's future success will partly depend upon its abilities and efforts to retain key members of the management team, including recruiting, retaining, and developing skilled personnel for its current business and its ambitious future development plans. TECO 2030's total number of employees is limited and retaining key personnel is therefore important.

Foreign exchange risk

Throughout 2022, TECO 2030 was exposed to foreign exchange transaction risk as it received funding in both USD and NOK, whereas major cooperating partners are located in central Europe with Euro as currency. In 2023 the Group will have substantial expenses in Euro to cooperating partners. Possible future sales will primarily be in Euro and USD, and the Company will, to the extent possible, secure the majority of production expenses in the corresponding currency. Some of the production costs will, however, be in NOK together with a large part of the Company's overhead expenses and, as such, lead to an increased exposure to the EUR/USD versus NOK exchange rates.

In addition, the Company will, from project to project, be exposed to a limited number of other currencies. The Company has not secured any foreign exchange trades by the signing of the financial statements but is constantly monitoring the foreign exchange market and the Company's exposure. Translation risk may also arise due to the conversion of amounts denominated in foreign currencies to NOK, TECO 2030's current reporting and functional currency.

Supply chain risk

The availability and timely delivery of components is crucial for TECO 2030 to obtain components to fulfil the companies' obligations towards cooperating partners and customers. As TECO 2030 moves into production of its fuel cell modules the company will need to purchase a large number of components from multiple vendors. A delay in delivery or scarcity of one single component can in wors case holt all production until a replacement is sourced. TECO 2030 is working on mitigating supply chain risk by chousing well known European vendors where possible.

4.6 Equity and shareholders

	Number of shares authorised and fully paid	Par value per share (NOK)	Carrying amount (NOK)
At 31 December 2020	12,000,000	0.1	**1,200,000**
Equity issue 13. January 2021	400,000	0.1	40,000
At 2. March 2021	**12,400,000**	**0.1**	**1,240,000**
Share split 3. March 2021	**124,000,000**	**0.01**	**1,240,000**
Equity issue 2 July 2021	3,244,644	0.01	**32,446**
Equity issue 20 October 2021	4,125,170	0.01	**41,252**
Equity issue 23 December 2020	9,000,000	0.01	**90,000**
At 31 December 2021	**140,369,814**	**0.01**	**1,403,698**
Equity issue 14 March 2022	1,608,827	0.01	**16,088**
Equity issue 24 October 2022	1,769,182	0.01	**17,692**
Equity issue 26 October 2022	718,895	0.01	**7,189**
Equity issue 07 November 2022	600,738	0.01	**6,007**
Equity issue 17 November 2022	9,602,768	0.01	**96,028**
Equity issue 29 November 2022	3,841,107	0.01	**38,411**
At 31 December 2022	**158,511,331**	**0.01**	**1,585,113**

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

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

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

The Company's 20 largest shareholders as of 31 December 2022 are shown in the table below.

Shareholder	# shares	%
TECO GROUP AS	52,041,430	32.83%
CLEARSTREAM BANKING S.A.	28,149,442	17.76%
Citibank	16,186,688	10.21%
Pershing LLC	13,497,841	8.52%
JAKOB HATTELAND HOLDING AS	8,000,000	5.05%
UBS Switzerland AG	5,967,719	3.76%
SOLVIK HOLDING AS	3,400,000	2.14%
EQUITOR AS	2,667,145	1.68%
TECO MARITIME GROUP AS	2,662,187	1.68%
HANSEN EIENDOM OG KONSULT AS	2,239,375	1.41%
Saxo Bank A/S	1,342,118	0.85%
SOO INVEST AS	1,255,000	0.79%
SIX SIS AG	1,218,385	0.77%
S25 HOLDING AS	1,100,255	0.69%
MEDIKOM AS	1,018,835	0.64%
KBC Bank NV	1,004,325	0.63%
JAHATT AS	961,133	0.61%
PCJ INVEST AS	860,870	0.54%
Morgan Stanley & Co. Int. Plc.	742,845	0.47%
KUBERA AS	715,000	0.45%
20 largest shareholders	**145,030,593.0**	**91.50%**
Other shareholders	13,480,738	**8.50%**
Total shareholders	**158,511,331**	**100.00%**

The Company's 20 largest shareholders as of 31 December 2021 are shown in the table below.

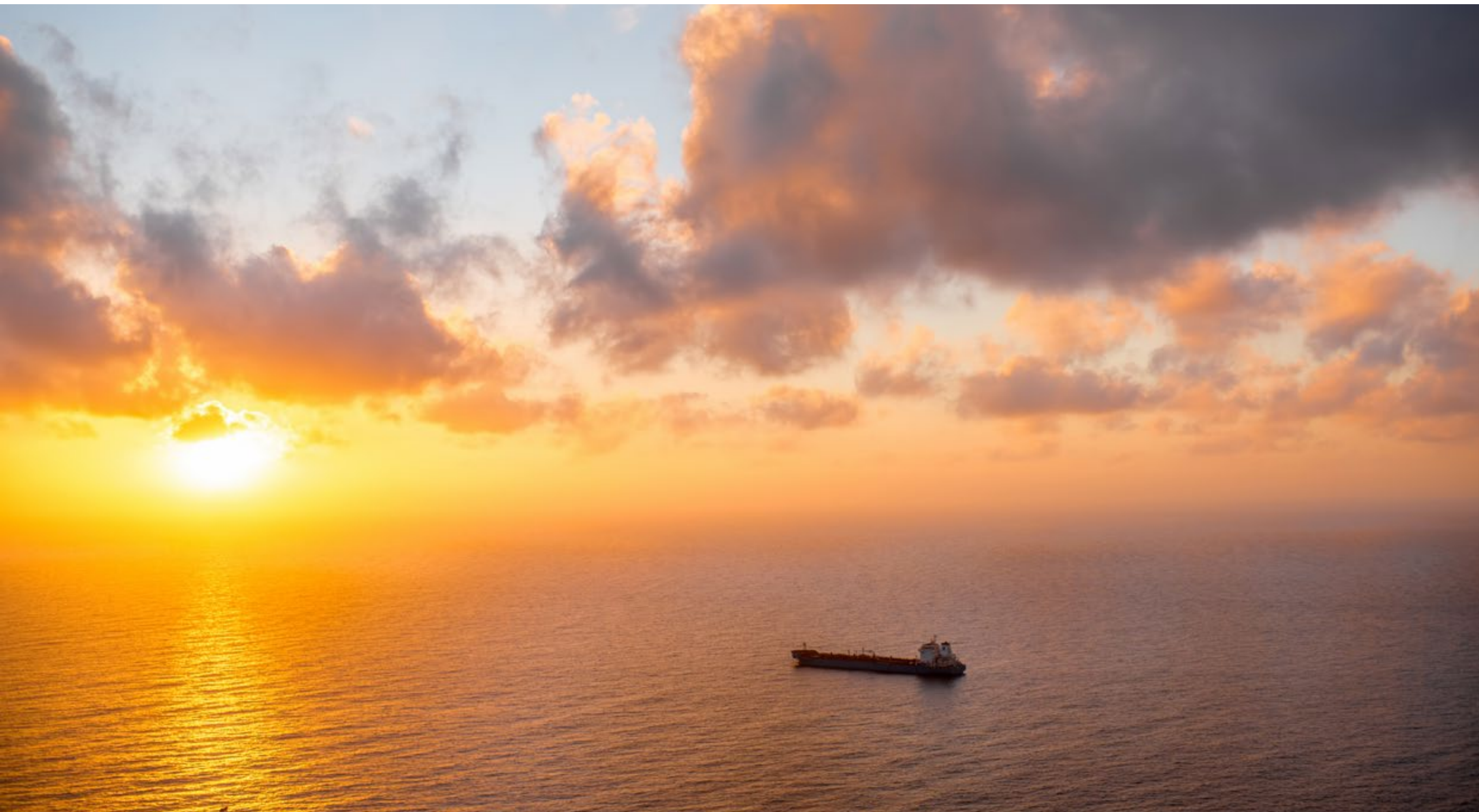
Shareholder	# shares	%
TECO GROUP AS	52,041,430	37.07%
CLEARSTREAM BANKING S.A.	25,604,324	18.24%
CITIBANK, N.A.	15,663,841	11.16%
JAKOB HATTELAND HOLDING AS	8,000,000	5.70%
UBS SWITZERLAND AG	4,471,289	3.19%
SOLVIK HOLDING AS	3,500,000	2.49%
HANSEN EIENDOM OG KONSULT AS	2,983,484	2.13%
TECO MARITIME GROUP AS	2,885,250	2.06%
EQUITOR AS	2,645,140	1.88%
JAHATT AS	2,128,201	1.52%
TECO TECH HOLDING AS	1,624,130	1.16%
SAXO BANK A/S	1,558,840	1.11%
MORGAN STANLEY & CO. INT. PLC.	1,279,586	0.91%
KBC Bank NV	1,122,991	0.80%
MEDIKOM AS	1,052,860	0.75%
PCJ INVEST AS	860,870	0.61%
ESRO INVEST AS	805,580	0.57%
CANICA AS	518,287	0.37%
SOO INVEST AS	505,000	0.36%
MARCUSSEN SHIPPING AS	494,410	0.35%
20 largest shareholders	**129,745,513**	**92.43%**
Others	10,624,301	**7.57%**
Total shareholders	**140,369,814**	**100%**

4.7 Cash and cash equivalents

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

Cash and cash equivalents	31.12.2022	31.12.2021
Bank deposits	42,184,722	57,259,772
Total cash and cash equivalents	**42,184,722**	**57,259,772**
Restricted cash included in the deposits above:		
Withheld tax in relation to employee benefits	**731,324**	**679,906**
Other	-	-

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



4.8 Finance Income and finance cost

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

Finance income and finance costs	Class of financial instrument	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
Finance income			
Interest income	Cash and cash equivalents	304,058	-
Interest income -Inter company	Loan to intercompany	7,088,071	1,482,465
Interest income - related party	Loan to related parties	403,560	904
Foreign exchange gains	Liabilites and receivables	358,036	1,080,366
Interest income on sub-lease	Finance lease receivables	1,140,393	468,418
Total finance income		**9,294,118**	**3,032,153**
Finance costs			
Interest expenses - related party	Interest-bearing liabilities	-	-
Fair value adjustment - conversion rights	Convertible bond loan	-	12,315
Interest expense debt	Other financial liabilities	5,604,623	969
Interest expense leases	Lease liablities	1,523,374	538,894
Foreign exchange loss	Other financial liabilities	428,411	119,221
Foreign exchange loss	Convertible bond loan	1,512,000	-
Total finance costs		**9,068,408**	**671,399**
Net financial income (expense)		**225,709**	**2,360,754**

Section 5 - Tax

5.1 Taxes

ACCOUNTING POLICIES
Current income tax

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

Deferred income tax

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

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

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

Income tax expense	31.12.2022	31.12.2021
Current income tax expense	-	-
Deferred income tax expense	-	-
Total income tax expense	**-**	-

Current tax	31.12.2022	31.12.2021
Profit before taxes	**-40,492,636**	**-27,206,590**
Permanent differences	-10,892,508	-165,754
Change in temporary differences	51,385,144	27,372,344
Tax basis 31.12	**-**	-
Current tax 22%		
Current tax in the financial position		

Temporary differences	31.12.2022	31.12.2021
Property, plant and equipment	-	-8,982
Intangible assets	-191,912	1,390,536
Lease agreements	-197,470	-34,223
Accruals	-2,383,144	-
Accumulated loss carried forward	-94,618,773	-47,283,486
Basis for deferred tax liabilities (assets)	**-97,391,299**	**-45,936,155**
Not included in the calculation of deferred tax*	97,391,299	45,936,155
Deferred tax liabilities recognised in balance sheet	-	-

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

Reconciliation of income tax expense	31.12.2022	31.12.2021
Profit before taxes	**-40,492,636**	**-27,206,590**
22% of profit before tax	-8,908,380	-5,985,450
22% of permanent differences	-2,396,352	-36,466
Not included in the calculation of deferred tax*	11,304,732	6,021,916
Not included in the calculation of deferred tax	-	-
Recognised income tax expense	-	-

Section 6 - Other disclosures

6.1 Related party transactions

2022

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

2021

Remuneration to key management	Salary	Pension expense	Other expensed benefits	Total
Tore Enger (CEO)	3,705,775	74,116	382,711	4,162,602
Pål Christian Johnsen (CFO)	1,175,002	23,500	18,089	1,216,591
Tor-Erik Hoftun (COO)	1,310,579	26,212	18,089	1,354,880
Erling Hoftun (Managing Director TECO 2030 AS)	1,150,002	23,000	136,356	1,309,358
Total other operating expenses	**7,341,358**	**146,827**	**555,245**	**8,043,430**

Tore Enger has a six-month notice period.

Remuneration to the board of directors in the parent company was NOK 1 295 835 in 2021 and NOK 1 400 000 for 2022.

The Company started a share-based compensation program for key managment and other employees in 2021. See note 4.1 for details about the plan and the share-based compensation awarded to key management.

Profit or loss items

Related parties-Sales of services	Type of service	01.01.2022-31.12.2022	01.01.2021-31.12.2021
Blom Maritime AS [1)]	Consultancy, facilities	901,122	2,800
Blom Maritime AS [1)]	Interest income	74,384	-
Blom Maritime Spolka Z.O.O [1)]	Interest income	7,110	-
Rubber Innovation AS [2)]	Project related work	363,090	112,775
TECO Chemicals AS [1)]	Facilties	335,497	-
TECO Maritime Group AS [1)]	Advisory services	-	21,000
TECO Maritime Group AS [1)]	Facilities	335,497	-
TECO Maritime Group AS [1)]	Reimbursement conference expenses	9,344	-
TECO Maritime Group AS [1)]	Interest income	116,943	-
TECO Solutions AS [1)]	Facilities	1,243,049	-
TECO Solutions AS [1)]	Interest income	60,450	-
Total		3,446,486	136,575

Related parties - Purchase of services	Type of service	01.01.2022-31.12.2022	01.01.2021-31.12.2021
Blom Maritime AS [1)]	Advisory services	1,195,332	349,375
Blom Maritime Inc	Reimbursement of travel expenses	7,796	13,002
Rubber Innovation Holding AS [2)]	Interest cost	81,151	-
Total		1,284,279	362,377
Total		**4,730,765**	**498,952**

Subsidiary - Sales of services	Type of service	01.01.2022-31.12.2022	01.01.2021-31.12.2021
TECO 2030 AS	Interest on receivables	3,321,874	1,283,532
TECO 2030 AS	Development services	1,189,256	-
TECO 2030 AS	Facilities	2,245,386	-
TECO2030 Power Systems AS	Interest on receivables	2,785,777	53,161
TECO2030 Power Systems AS	Development services	-	205,281
TECO 2030 Innovation Center AS	Interest on receivables	83,369	23,356
TECO 2030 Innovation Center AS	Development services	132,725	78,610
TECO 2030 Carbon Capture AS	Development services	-154,846	150,702
TECO 2030 Future Funnel AS	Interest on receivables	670,664	-
TECO 2030 INC	Interest on receivables	139	161,840
TECO 2030 Pte Ltd.	Interest on receivables	16,550	-39,425
Total		**10,290,894**	**1,917,058**

Subsidiary - Purchase of services	Type of service	01.01.2022-31.12.2022	01.01.2021-31.12.2021
TECO 2030 AS	Costs forwarded	-	41,355
TECO 2030 AS	Development services	8,694,076	-
TECO 2030 Innovation Center AS	Development services	3,710,492	-
TECO 2030 INC	Travel expenses	1,895,539	766,172
Total		**14,300,107**	**807,527**

Balance sheet items

Subsidiary - Assets	Balance type	31.12.2022	31.12.2021
TECO 2030 AS	Other receivable group companies	92,203,663	49,895,649
TECO 2030 INC	Other receivable group companies	4,754,931	4,163,362
TECO 2030 PTE LTD	Other receivable group companies	616,102	532,670
TECO2030 Power Systems AS	Other receivable group companies	120,118,915	8,258,021
TECO 2030 Innovation Center AS	Other receivable group companies	4,977,450	1,523,356
TECO 2030 Future Funnel AS	Other receivable group companies	17,189,133	15,775,036
TECO 2030 Carbon Capture AS	Other receivable group companies	40,139	-
Total		**239,900,333**	**80,148,094**

Subsidiary - Liabilities	Balance type	31.12.2022	31.12.2021
TECO 2030 AS	Debts	20,561,651	10,563,179
TECO 2030 Innovation Centre	Debts	6,756,861	1,337,820
TECO2030 Power Systems AS	Debts	25,983,507	25,189,854
TECO 2030 INC	Payables	1,494,936	266,700
Total		**54,796,955**	**37,357,552**

Related parties - Assets	Balance type	31.12.2022	31.12.2021
Blom Maritime AS	Trade and other receivables	-	321,546
Blom Maritime AS	Interest-bearing loans and borrowings	2,147,053	-
Blom Maritime Spolka Z.O.O.	Interest-bearing loans and borrowings	307,110	-
Rubber innovation AS	Trade and other receivables	-	303,901
Rubber innovation AS	Interest-bearing loans and borrowings	611,525	-
Rubber Innovation Holding AS	Trade and other receivables	-	3,282,679
Rubber Innovation Holding AS	Interest-bearing loans and borrowings	3,632,840	-
TECO Chemicals AS	Trade and other receivables	84,891	119,266
TECO Maritime Group AS	Trade and other receivables	-	145,516
TECO Maritime Group AS	Interest-bearing loans and borrowings	2,495,289	-
TECO Solutions AS	Trade and other receivables	-	437,314
TECO Solutions AS	Interest-bearing loans and borrowings	1,740,813	-
Total		**11,019,521**	**4,610,222**

The Company has claims towards TECO Maritime Group which originally were payable in 2022. New agreements have been entered into between the respective parties and the due date has been extended to 31.12.2023 with a 5 % interest p.a. Based on the measures that TECO Maritime Group has taken to improve its liquidity, TECO 2030 expects that the principal amount and any accumulated interest will be repaid. Therefore, no provisions for loss have been made.

Related parties - Liabilities	Balance type	31.12.2022	31.12.2021
Rubber Innovation Holding AS	Interest-bearing loans and borrowings	1,704,180	1,623,029
Total		**1,704,180**	**1,623,029**

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

		% of finance lease receivable	NOK non-current finance lease receivables 31.12.2022	NOK current finance lease receivables 31.12.2022
TECO 2030 AS	Inter company	44.75%	11,241,800	1,240,425
TECO Solutions AS	Related party	20.83%	5,231,948	577,296
Blom Maritime AS	Related party	15.18%	3,814,130	420,853
TECO Maritime Group AS	Related party	5.72%	1,437,787	158,646
TECO Chemicals AS	Related party	5.72%	1,437,787	158,646
External company	External	7.79%	1,957,887	216,034
Total current and non-current finance lease receivables		100.00%	25,121,340	2,771,901

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

6.2 Events after the reporting period

On 8 February TECO 2030 announced that the HyEkoTank project, which has been awarded a EUR 5 million grant under the European funding scheme HORIZON EUROPE, started, together with Shell and the other consortium partners.

On 12 February, TECO 2030 announced that some option holders under TECO 2030 ASA's share incentive program has exercised a total of 226,667 options at an exercise price of NOK 4.00 per share. The exercised options were settled by issuance of new shares. Amongst the option holders exercising shares, one primary insider; Pia Meling, Board member, exercised 50,000 options. The share capital increase pertaining to the issuance of the new shares was registered with the Norwegian Register of Business Enterprises on 16 February increasing the share capital by NOK 2,266.67 to NOK 1,587,379.98 divided into 158,737,998 shares, each with a nominal value of NOK 0.01.

On 11 February 2023, the Board of Directors approved an Extraordinary Conversion Option on 16 February 2023 in respect of the convertible bond loan. This Extraordinary Conversion Option was made with equal terms to all bond holders. Bond holders converted a total nominal amount of NOK 19,6 million convertible debt into 3 843 280 shares in TECO 2030 ASA based on the stipulated conversion rate in the bond agreement of NOK 5.0868. Share capital was increased by NOK 38 433 and Share premium increased by NOK 19,511,567.The share capital increase pertaining to the issuance of the new shares was registered registered with the Norwegian Register of Business Enterprises on 27 February 2023. The Company's new registered share capital following this conversion is NOK 1,625,812.78 divided into 162,581,278 shares, each with a nominal value of NOK 0.01.

On 15 March, the Company held an Extraordinary General Meeting where the Board got the authorisaton to issue a new convertible loan with an aggregate amount of up to NOK 37.7 million. As per date of the financial statements, a total of NOK 12 million has been raised among some new and some existing investors. The bond loan is based on similar terms as the convertible bond loan issued in 2022 except the conversion price which was set at NOK 9.7307.

On 17 March, the Company announced that it had fulfilled all requirements from Innovation Norway related to the NOK 50 million grant awarded in October 2021 in relation to its fuel cell-development project. The first payment of NOK 15 million (30%) was released from Innovation Norway during March. Another 50% of the grant is expected to be paid out shortly after the signing of the financial statements whereas the final 20% will be paid out following the projects end-report (Q3/Q4-2023).

There are no other significant events after the reporting date.

6.3 Investments in subsidiaries

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

Subsidiaries held by subsidiaries

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

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

Responsibility statement

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

- the financial statements for 2022 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 2022 give a true and fair view of the assets, liabilities, financial position and profit as a whole as of December 31, 2022, 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.

Oslo, 27 April, 2023

Sigurd Gaarder Lange
Chairman of the Board

Pia Meling
Member of the Board

Birgit Marie Liodden
Member of the Board

Marit Elise Kirkhusmo
Member of the Board

Tim Young
Member of the Board

John Herman Marcussen
Member of the Board

Tore Enger
Chief Executive Officer

Building a better working world

Statsautoriserte revisorer
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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of TECO 2030 ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of TECO 2030 ASA (the Company), which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company and the Group comprise the financial position as at 31 December 2022 and the statements of comprehensive income, cash flows and changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company and the Group as at 31 December 2022 and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for opinion

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

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

Other information

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

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

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

Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial

statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Oslo, 27 April 2023
ERNST & YOUNG AS

The auditor's report is signed electronically

Jon-Michael Grefsrød
State Authorised Public Accountant (Norway)

Corporate governance

1 - Report on corporate governance:

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

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

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

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

2 - Business:

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

3 – Equity and dividends:

The company's registered share capital as of 31 December 2022 consisted of 158,511,331 shares with a par value of NOK 0.01 per share.

The Company will strive to follow a dividend policy favorable to the shareholders. The amount of any dividend to be distributed will depend on, inter alia, the Company's investment requirements and rate of growth. As per end of 2022, the Company is in a growth phase and will most likely not be in a position to pay dividends in the foreseeable future.

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

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

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

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

5 – Shares and negotiability:

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

6 – General meetings:

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

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

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

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

7 – Nomination Committee:

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

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

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

- Marius Blom, chair
- Birgit Liodden, member

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

8 – Board of Directors: composition and independence:

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

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

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

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

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

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

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

9 – The work of the Board of Directors:

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

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

10 – Risk management and internal controls:

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

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

11 – Remuneration of the Board of Directors:

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

The remuneration of the board of directors shall reflect:

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

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

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

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

12 – Remuneration of executive personnel:

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

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

13 – Information and communication:

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

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

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

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

14 – Take-overs:

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

15 – Auditor:

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

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

Sustainability

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

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

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

Members of the Board

Sigurd Gaarder Lange
Chairman

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

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

Pia Meling
Board Member

Pia Meling joined the Company as member of the Board of Directors in early September 2020. Meling has broad management experience from the shipping and the maritime industry. She is currently the Managing Director of Grieg Green, a world-leading ship recycling and sustainability services company based in Norway.

Furthermore, her experience includes positions within chartering and commercial management of vessels at the dry bulk operator Klaveness, as the General Manager of Nav/ Com service provider Radio Holland, Marketing & Communications Manager for scrubber manufacturer Clean Marine and as Area Sales Director for Marine Products in Wilhelmsen Ships Service, and as Vice President Sales and Marketing at Massterly, a pioneering operator of zero emission, autonomous vessels. Meling is also Board member of shipowner MPC Container Ships ASA, logistics provider Westport AS, Singapore-Norway Chamber of Commerce and she is a member of the Ocean portfolio board in The Research Council of Norway. Meling holds an MBA from the Norwegian School of Economics.

Birgit Marie Liodden
Board Member

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

Liodden is one of the most profiled young shipping female executives globally. She holds executive board roles in The Norwegian Society for Sea Rescue, The Factory, Greenstat and Bellona Foundation. She is the Founder & CEO of The Ocean Opprtunity Lab. Her maritime background involves five years in Wilh. Wilhelmsen head office, Project Manager Global

Systems & Processes, 4.5 years as an entrepreneur working with Nor-Shipping, OECD, Wilh. Maritime and Sea Trucks Nigeria. This includes Director of Nor-Shipping, Founder & SG of YoungShip International, Director of Sustainability, Ocean Industries & Communication at Oslo Business Region, and Project Manager for Oslo European Green Capital's cross-industry Business program. She has received plural awards & rankings for her leadership in Norway and abroad. In 2012 Liodden was awarded Shipping Name of The Year in Norway and she was a finalist for World Economic Forum's Young Global Leaders in 2018.

Marit Kirkhusmo
Board Member

Kirkhusmo is a shipping, offshore and finance lawyer with approximately 25 years of experience from major law firms in Oslo and London in addition to management positions from the international shipping industry.

She is Master of Law from the University of Oslo and currently partner in the Energy, Shipping and Offshore department in SANDS Law firm DA. She has many years of practice as General Counsel of a large international shipping group consisting of several stock listed companies which a diversified fleet and bulk vessels, chemical tankers, gas vessels and conducting ship supply services and technical management of vessels. Kirkhusmo has extensive experience as Board member from private and public companies, hereunder from the Board of Directors of GIEK – the Norwegian Export Credit Agency.

Herman Marcussen
Board Member

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

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

Tim Young
Board Member

Since 2009, Tim Young has served as President and CEO of SunHydrogen, Inc., the developer of a breakthrough technology to make renewable hydrogen using sunlight and water.

Through his outreach to the public and to leaders in the renewable energy field, Mr. Young has bolstered the company's visibility as a key player in the developing green hydrogen market and rallied a strong investor base. Mr. Young's proven fundraising ability, along with his leadership and direction of SunHydrogen's long-term and short-term goals and strategies, has enabled the company to engage international industrial partners, attract top industry scientists, and most importantly continue to hit milestones toward commercializing its nanoparticle-based green hydrogen technology.

Prior to founding SunHydrogen, Mr. Young demonstrated a track record of success in management and leadership positions bringing new products to the market in the digital, cable, and broadcast media industries. Among others, Mr. Young was the President of Rovion, a digital advertising company, and served a decade-long career at Time Warner Inc.

Today, Mr. Young is grateful to be at the forefront of the renewable energy industry. He is driven by innovation and strives to create tangible environmental change by bringing SunHydrogen's vision to fruition.

Management

Tore Enger
Chief Executive Officer

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

Pål Christian Johnsen
Chief Financial Officer

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

Bettina Nowak
Chief Executive Officer, USA

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

Tor-Erik Hoftun
COO

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

Erling Hoftun
Managing Director, TECO 2030 AS

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

TECO 2030

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