

*Quantafuel ASA*

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# Fourth Quarter 2021

Consolidated financial statements

Quantafuel ASA



## Fourth quarter report 2021

- **Successful turnaround at the Skive plant**
- **Good production in Skive in January, but an unplanned shutdown in February is delaying the planned production ramp-up**
- **Skive 2022 production volume target of 12,000 tonnes maintained**
- **Progressing with full speed on other international projects**
- **Secured NOK 400 million in additional growth capital**
- **Positive operational cashflow from the plants expected within second half of 2022**

Quantafuel's mission is to drive a sustainable future by converting plastic waste into valuable products. With the strong support from our industrial and strategic partners, we are well positioned to become a major, integrated recycling player.

Quantafuel's chemical recycling technology and plant design will be scalable and can be applied globally, and the demand for recycled, high-quality products, contributing to reduced CO<sub>2</sub> emissions, is considerable. Quantafuel is experiencing high interest from major international companies within petrochemical, refineries, and fast-moving consumer goods. Also, on the sorting and mechanical recycling side, we are seeing high demand, supported by increasing market prices for receiving plastic waste, as well as sales prices significantly above our budget.

Quantafuel offers a win-win solution for the environment, our shareholders and our customers, and is well positioned to capitalise on these opportunities based on our process and technology toolbox.

Quantafuel's competitive edge is being present and integrated into the whole value chain. Together with our partner Geminor, we will provide a fully integrated, independent sorting and recycling environment with chemical recycling capacities, as well as a tracking and logistics capacity that can document sustainability in every step of the value chain. In certain markets, Quantafuel will thus engage in mechanical recycling to increase recycling rates and supporting the overall value proposition. Where similar setups on sorting and mechanical recycling exist today, we are co-operating closely with leading national and international players, complementing their existing capabilities. Quantafuel's plants will deliver certified, recycled material sought after by the leading consumer goods companies, completing the circular economy of plastic waste in a transparent and documented manner.

Quantafuel has been granted environmental product certificates from both ISCC PLUS and REDcert2, confirming our tracking capabilities and making us a frontrunner in the recycling industry.

Based on the experience gained from our plants in Skive (Denmark) and Kristiansund (Norway), as well as a notable process and technology toolbox, Quantafuel's management and Board of Directors are confident in continuing announced projects. We are discussing the roll-out of large-scale capacity plants with both existing and potential partners.

### **Health, Safety & Environment – Zero recordable incidents**

Quantafuel's vision is zero harm to people, assets, and the environment throughout our business landscape.

We are pleased to report that Quantafuel continues its zero recordable HSE incidents statistics during fourth quarter and for the full year of 2021.

## **Skive - Operational and technology update**

During fourth quarter 2021 we successfully upgraded and commissioned two production lines in Skive and the plant quickly transitioned into production mode. The newly installed equipment has been performing as expected, removing the obstacles preventing long-term, stable operation, and the two lines operated stably at design capacity in December until the production was stopped by the shredder failure.

We also reached significant achievements in Skive in January, processing more than 100 MT of plastic waste weekly and the two lines were running simultaneously with an uptime of 69% at an average load of 79%. Upgrade of the two remaining lines is ongoing as previously communicated.

Completed tests and commercial deliveries confirm that the output from Skive has the quality and mix to meet expected volume and prices. Parallel development work in cooperation with our industrial partner is focusing on improvements to enhance light fraction yield and quality.

We have a continuous focus on feedstock to improve our production quality and cost balance over time. We are making significant progress with our partners in securing large volume feedstock that is not recycled today.

On the 5th of February 2022, we had a temporary shutdown of Skive production. Our inspection revealed damage on the steel cone connecting the burner chamber with the flue gas heating box on reactor no. 2. We immediately initiated repair work and have communicated to be back in production within mid-March. This repair will not impact the original plan for the two remaining lines. It is important to note that this issue is neither related to Quantafuel's pyrolysis process nor its technology. The downtime is being used to perform preventive maintenance and planned improvements requiring a cold process.

Despite the temporary shutdown of Skive; the volumes and figures we've seen at the plant demonstrate that Quantafuel has proven its technical and operational capability to transform plastic waste to commercial products at high volumes and high utilisation rates. Still, our Proof-of-Concept definition remains a key milestone towards full production at a 20,000 tonnes per year run rate. Based on the learnings from Skive, Quantafuel's management and Board of Directors are confident in continuing the planned Plastic-to-Liquid projects.

The Skive project is now finalised with a capex of NOK 620 million, an increase of NOK 10 million compared with last quarterly report. The Skive plant is handed to operations (Quantafuel Skive ApS).

## **Kristiansund update – Mechanical recycling investment on track**

There is a strong demand – and record-high prices – for high-quality recycled plastic material. Quantafuel's recycling plant in Kristiansund has completed its new 20,000 tonnes per year sorting line. We have been feeding plastic into the new line since mid-November and up to 40 tonnes of plastic is being processed on a daily basis. Although we are still ramping up, a number of product shipments have been made at market prices significantly above budget assumptions.

Quantafuel's operation in Kristiansund illustrates the company's growth plans; By combining

chemical recycling with mechanical sorting and recycling, we get the best plant economics and the highest recycling rates, which in turn contributes towards solving the global plastic waste issue.

In December, the set-up in Kristiansund was enhanced with additional extruder capacity. The extruder is now fully operational and turns hard plastic polyethylene (PE) and polypropylene (PP) flakes into pellets used by European customers for making new plastic products.

To fully utilise the installed sorting capacity, additional modules to increase commercial volumes will be installed, with production scheduled to start in Q3 2022. In addition to the capacity of 20,000 tonnes for mechanical recycling, the plant will have capacity to increase production with 10,000 tonnes of chemical recycling feedstock per year for a potential permanent plastic-to-liquid plant by increasing operational shifts on the sorting line.

In February, we entered into a new chapter in our cooperation with Geminor in Norway; offering plastic recycling solutions to a larger national customer base. Quantafuel's sorting and recycling capacity combined with Geminor's tracking software (Gemisoft), trading and logistics are the key competitive advantages that will enable us to gain market shares and become a key and trusted player within this market. Geminor extend the sourcing arm of Quantafuel Kristiansund, to secure supplying the facility with a minimum of 20,000 tonnes of solid plastic annually. Together, we aim to become the leading plastic upstream player in Norway and the rest of the Nordics.

### **Esbjerg development**

Quantafuel is progressing as planned with its Esbjerg development in Denmark. In the beginning of February 2022, an agreement was signed with Eggersmann, a leading supplier of waste sorting equipment. The contract includes engineering and reserves Quantafuel a firm manufacturing slot that secures our schedule for the project.

The Esbjerg sorting facility is planned to be operational during the second half of 2023. The aim is for Esbjerg to become the major Danish hub for plastic waste sorting, significantly contributing to the EU and national recycling targets, reducing incineration, and lowering CO2 emission.

Quantafuel believes that the Esbjerg development will be a game-changer for the post-consumer plastic waste market in Denmark. There is a great need for plastic waste sorting capacity as Denmark has set very high targets for recycling of plastic waste and our Esbjerg plant will be a major contributor for the country to reach its ambitious targets. Once completed, the facility will have the capacity to sort more than 160,000 tonnes of plastic waste into clean mono-fractions, ideally suited for mechanical and chemical recycling.

The plastic waste sorting facility is Quantafuel's first step towards developing a full sorting and recycling site in Esbjerg. The next phase will include a large-scale plastic-to-liquid (chemical recycling) plant based on Quantafuel's technology, with significant volumes of plastic feedstock sourced from the sorting facility.

We are moving into the final stages before construction phase and are confident in securing capacity to start construction work the first half of 2022.

The Esbjerg Sorting Plant has a planned capex of NOK 670 million, with an unlevered IRR of more than 30%.

## **Aalborg facility**

Quantafuel has secured a plot in Aalborg, adjacent to Geminor's Aalborg-site, through a firm contract with Port of Aalborg to develop a logistic hub with the primary focus to secure stable feedstock to our plant in Skive.

The facility is being planned operated in close co-operation with Geminor.

## **New prospects**

The fourth quarter has been a period with strategic moves designed to meet our growth strategy.

In December 2021, ENOC Group, Dubal Holding LLC and Quantafuel signed a Memorandum of Understanding (MoU) to study the potential of establishing and operating Plastic-to-Liquid production plants turning plastic waste into valuable products and a step towards a circular economy. The United Arab Emirates (UAE) recently announced "The UAE Net Zero by 2050 Strategic Initiative", a national drive to achieve net-zero emissions by 2050 as well as an ambition to send zero waste to landfill by 2030. The initiative aims to promote dynamic economic growth alongside positive environmental impact. The Plastic-to Liquid project with Quantafuel will be a significant step towards a circular economy by converting waste plastics into valuable products. Dubal Holding LLC and ENOC LLC are 100% subsidiaries of Investment Corporation of Dubai (ICD).

Quantafuel has strengthened its position in the UK by signing a contract to acquire the remaining 50% of the shares in Quantafuel UK, as well as the project companies in Sunderland and Cheshire. Following the agreement, Quantafuel ASA will own 100% of the three UK companies. We see a strong potential in the UK market and look forward to contributing towards the circular economy and help improve the UK's plastic recycling rates. We are making progress with our Sunderland project where we have selected a 12-acre (approximately 50,000 m<sup>2</sup>) site on the port for our first large-scale plant in the UK. A preliminary planning application has been submitted, while a full planning application and permitting application will be finalised and submitted in March. Subject to approval, this plant will annually process over 100,000 tonnes of plastics waste.

We continue to work closely with VTTI towards a chemical recycling plant supplying circular raw materials to Vitol. The feasibility study is proceeding, but due to complications regarding the permitting process, we are once again looking at several sites which in turn is prompting us to significantly delay the target start-up date.

## **Corporate Social Responsibility – Contributing towards a sustainable future**

With a fully certified value chain, and a technology enabling more plastic waste to stay in a circular process, Quantafuel is well positioned as a key recycling partner.

Quantafuel offers a clear path for our partners' journey into a circular economy for plastics:

*Recycling:* By sending plastic waste to Quantafuel, you contribute to a circular economy for plastics. Plastic waste will be converted into recycled products in compliance with the EU definition of recycling.

*Transparency:* The Quantafuel approach improves transparency in the waste sector. Environmental certification guarantees that the origin of the waste is known and upgrade yield to material recycled product is properly documented.

*Environment:* We offer proof of environmental benefits. Life Cycle Assessments are being used as a tool for analysis and development for Quantafuel plants, guaranteeing transparency about the environmental footprint of our product and process.

Quantafuel has completed a materiality assessment based on interviews with selected stakeholders including employees, investors, partners, industry and sustainability experts. Based on responses, we have identified the following sustainability priorities:

- Contribution to circular economy
- ESG focus across our supply chain
- Minimised CO2 footprint
- Traceability of waste plastic and end products
- EU Taxonomy compliance

Concrete goals in these areas, such as targets for improved resource efficiency and reduced CO2 footprint, are in preparation while Skive production data was collected for the ongoing LCA study during Q4.

To gain further knowledge on how to maximize yield when recycling household plastic waste, Quantafuel has initiated a third-party study in cooperation with and supported by our industrial partner BASF, analysing 4,000 tonnes of plastic waste with respect to polymer distribution and suitability for chemical recycling. We expect the outcome to add significant value to our operations and sourcing strategy.

## **R&D and technology**

Quantafuel believes in exploring ideas through innovative projects, driving solutions for a more sustainable waste and energy market. Our R&D team is driving strategic initiatives to improve the chemical recycling technology portfolio, including maximum use of by-products.

Triggered by dialogues with potential industrial partners and offtake partners for new prospects, Quantafuel is expanding the toolbox for future development to include a product range from purified and non-purified pyrolysis oil, and up to light fraction suitable for sensitive downstream use.

Testing of new pyrolysis technology is continuing in Kristiansund, in close cooperation with Quantafuel's R&D capacities in Norway, Sweden and Denmark, as well as together with our industrial partners. Throughput and stability have increased in the last period, and the products have shown promising analysis results. Bottlenecks and improvements have been identified, and further improvements of the system to achieve expected results are continuously being implemented. Testing has continued throughout the fourth quarter, providing the necessary data for BASF and Quantafuel to evaluate and conclude on use of this reactor technology in a permanent installation.

In December, Quantafuel was awarded NOK 13.7 million in funding from The Norwegian Research Council (Forskingsrådet) to further develop chemical recycling of plastic waste into low-carbon

synthetic oil products replacing fossil oil feedstock. The funds will be applied in Quantafuel's Innovation Hub at the Norwegian university NTNU named "Chemical Conversion of Waste". This partnership was formally launched in October 2021 with NTNU's Department of Chemical Engineering to continue the optimisation of Quantafuel's Plastic-to-Liquid technology offerings.

## **Organisation**

We are pleased to report that Quantafuel's organisation is steadily growing. During the fourth quarter, six new employees have joined Quantafuel. The total number of employees at the end of fourth quarter was 95.

## **Finance**

Quantafuel expects positive operational cashflow from the plants in Skive and Kristiansund within second half of 2022.

For Skive the 2022 target is processing of 12,000 tonnes of plastics, ending the year at a 20,000 tonnes per year run rate. At full production Skive will on a yearly basis deliver approximately NOK 80 million EBITDA based on current feedstock and offtake assumptions.

The mechanical line in Kristiansund will at 20,000 tonnes per year capacity deliver a yearly EBITDA of approximately NOK 25 million.

Per 31 December 2021, Quantafuel ASA had a cash position of NOK 284.9 million. On 27 January 2022, Quantafuel completed a private placement of NOK 400 million.

## **Growth strategy and outlook**

Quantafuel's focus on reaching full production capability at its Skive plant continues.

With full support from the Board of Directors, Quantafuel's management and team are ready to continue our announced projects. Further prospects are under development and will be announced when the required maturity is reached.

Our positioning upstream and our industrial partners are putting us in a good position to build a circular economy for plastics in Europe and beyond.

EU's Green Deal requiring 50% recycling by 2025 is an important accelerator for plastic recycling. For Quantafuel this means more business opportunities and continued technology development, for which we are building our organisation. Quantafuel is 100% committed to contributing towards solving the global waste problem, and our employees are proud of being part of a company that is acting now.

# Financial review

## Income statement

Quantafuel Financial Highlights	Q4 2021	Q4 2020	Full year 2021	Full year 2020
Unaudited figures in NOK '000' if not stated otherwise	Group	Group	Group	Group
Operating revenue	2 334	2 316	5 976	8 387
Total Income	2 367	2 316	10 291	8 387
EBITDA	-61 234	-44 533	-162 154	-136 605
Profit (loss)	-73 044	-28 271	8 670	-502 313
Total assets	1 514 968	1 497 046	1 514 968	1 497 046
Cash & Cash equivalents	284 903	692 223	284 903	692 223

Operating revenue of NOK 2.3 million in Q4 2021 includes revenue from our plants in Skive (NOK 0.1 million) and Kristiansund (NOK 1.5 million), and NOK 0.7 million relating to grants through Avfall Norge (Waste Norway).

For the full year 2021 operating revenue of NOK 5.9 million consists of NOK 3.6 million from our plants in Skive and Kristiansund, and NOK 2.3 million relating to the Grønt Punkt Norge project, Avfall Norge project in addition to other projects and studies.

Included in total income is the Group's share of net result in Geminor Invest AS, NOK 0.03 million for Q4 2021 and NOK 4.3 million for the full year 2021, which is included in the Group accounts as an equity-accounted investee.

EBITDA in Q4 2021 was NOK -61.2 million and for the full year 2021 NOK -162.2 million, compared to NOK -44.5 million and NOK -136.6 million same periods for 2020. Salary costs in Q4 2021 was NOK 27.7 million compared to NOK 33.9 million in Q4 2020. The decrease in salary costs is due to a change in costs related to social security tax for employee options. For Q4 2021 the number of employees is higher than in Q4 2020. Other operating expenses in Q4 2021 was NOK 8.7 million compared to NOK 6.9 million in Q4 2020. This is mainly due to increased operation and Quantafuel Kristiansund being incorporated in 2021. For the full year 2021 the operating expenses was NOK 50.9 million compared to NOK 28.4 million for the same period last year.

Net financial items reflect the general currency fluctuations in addition to the interest expenses relating to loans as well as other borrowings, leasing of offices/building and BASF convertible loan. Please refer to note 3 for further information.<sup>1</sup>

For the full year 2021 the financial items relating to the BASF convertible loan was a financial income of NOK 205.3 million, compared to a loss of NOK 334.8 million same period last year.

Loss for the period Q4 2021 was NOK 73.0 million.<sup>2</sup>

Profit for the full year 2021 was NOK 8.6 million.

<sup>1</sup> Exchange rate NOK/EUR is not included in these numbers

<sup>2</sup> The Profit (loss) consists of EBITDA, depreciation, net financial items, and taxes.



## Statement of Financial position

	<b>At 31 December 2021 Group</b>	<b>At 31 December 2020 Group</b>
Unaudited figures in NOK '000 if not stated otherwise		
Total non-current assets	1 161 958	788 129
Total current assets	353 010	708 917
Total assets	1 514 968	1 497 046
Total equity	1 081 010	653 987
Total non-current liabilities	303 962	705 712
Total current liabilities	129 996	137 347
Total equity and liabilities	1 514 968	1 497 046

As per 31 December 2021 the Group's equity was NOK 1,081 million. Cash and cash equivalents were NOK 284.9 million, of which NOK 3.3 million was restricted cash (employee tax advance account).

Total non-current assets at the end of the quarter were NOK 1,161.9 million due to an increase of Assets under construction related to the Skive plant, Kristiansund plant, and costs for FEED and concept development.

**QUANTAFUEL ASA**  
**CONSOLIDATED INCOME STATEMENT**  
**1 JANUARY - 31 DECEMBER**  
(Amounts in NOK thousands)

		<b>Q4 2021 Group</b>	<b>Q4 2020 Group</b>	<b>Full year 2021 Group</b>	<b>Full year 2020 Group</b>
					Audited
Operating revenue		2 334	2 316	5 976	8 387
Share of net income in equity-accounted investees		33	-	4 315	-
Cost of materials		27 189	5 967	54 354	14 805
Salaries and personnel costs	4	27 741	33 971	67 133	84 052
Depreciation and amortisation	2	9 826	5 033	20 091	8 891
Other operating expenses		8 670	6 911	50 957	28 354
<b>Operating profit (loss)</b>		<b>-71 060</b>	<b>-49 566</b>	<b>-182 245</b>	<b>-127 714</b>
Finance income		790	-16 261	1 012	624
Finance expense		4 133	-18 551	12 868	-8 718
Finance items convertible loan		-	-21 982	205 302	-334 803
<b>Net financial items</b>	3	<b>-3 343</b>	<b>24 272</b>	<b>193 446</b>	<b>-342 897</b>
<b>Profit (loss) before tax</b>		<b>-74 402</b>	<b>-25 294</b>	<b>11 201</b>	<b>-470 611</b>
Income tax expense		1 359	2 977	-2 530	-31 702
<b>Profit (loss) for the period</b>		<b>-73 044</b>	<b>-28 271</b>	<b>8 670</b>	<b>-502 313</b>
<b>Attributable to:</b>					
Equity holders of the parent		-73 044	-26 351	8 670	-496 699
Non-controlling interest	6	-	-681	-	-5 614
Earnings per share, ordinary (NOK)		-0.5	-0.2	0.1	-4.1
Earnings per share, diluted (NOK)		-0.5	-0.2	0.1	-4.0

**QUANTAFUEL ASA**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**1 JANUARY - 31 DECEMBER**  
(Amounts in NOK thousands)

	<b>Q4 2021</b>	<b>Q4 2020</b>	<b>Full year 2021</b>	<b>Full year 2020</b>
	<b>Group</b>	<b>Group</b>	<b>Group</b>	<b>Group</b>
				Audited
<b>Profit for the period</b>	<b>-73 044</b>	<b>-28 271</b>	<b>8 670</b>	<b>-502 313</b>
Items that may be reclassified to profit (loss)				
Translation differences, net	5 273	179	2 162	1 342
<b>Total comprehensive profit (loss)</b>	<b>-67 771</b>	<b>-28 092</b>	<b>10 832</b>	<b>-500 972</b>
<b>Attributable to:</b>				
Equity holders of the parent	-67 771	-27 411	10 832	-495 357
Non-controlling interest	-	-681	-	-5 614

**QUANTAFUEL ASA**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2021**

(Amounts in NOK thousands)

	Note	At 31 December 2021 Group	At 31 December 2020 Group
<b>ASSETS</b>			
Deferred tax asset		28 708	13 160
Goodwill		54 085	54 085
Other intangible assets		32 537	30 583
Property plant and equipment	2	773 443	610 919
Right-of-use asset		93 366	71 527
Equity-accounted investment	6	172 167	-
Other non-current assets		7 652	7 855
<b>Total non-current assets</b>		<b>1 161 958</b>	<b>788 129</b>
Inventory		5 783	3 217
Accounts receivable		17 939	3 359
Other receivables		26 067	10 118
Assets held for sale	3	18 318	-
Cash and cash equivalents		284 903	692 223
<b>Total current assets</b>		<b>353 010</b>	<b>708 917</b>
<b>Total assets</b>		<b>1 514 968</b>	<b>1 497 046</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		1 490	1 358
Other paid-in capital		1 906 483	1 373 496
Retained earnings		-826 963	-802 593
<b>Equity attributable to the owners of the parent</b>		<b>1 081 010</b>	<b>572 261</b>
Non-controlling interests		-	81 726
<b>Total equity</b>		<b>1 081 010</b>	<b>653 987</b>
Deferred tax liabilities		124 740	106 015
Non-current interest bearing liabilities	3	86 757	519 652
Long-term leasing liability	3	92 464	71 000
Other non-current liabilities		-	9 044
<b>Total non-current liabilities</b>		<b>303 962</b>	<b>705 712</b>
Current interest bearing liabilities	3	17 848	6 191
Short-term leasing liability	3	7 541	5 723
Accounts payable		44 182	53 938
Other current liabilities		60 425	71 494
<b>Total current liabilities</b>		<b>129 996</b>	<b>137 347</b>
<b>Total equity and liabilities</b>		<b>1 514 968</b>	<b>1 497 046</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**1 JANUARY - 31 DECEMBER 2021**

(Amounts in NOK thousands)

	Q4 2021	Q4 2020	Full year 2021	Full year 2020
	Group	Group	Group	Group
				Audited
<b>Profit (loss) for the period, before tax</b>	<b>-74 402</b>	<b>-25 294</b>	<b>11 201</b>	<b>-470 611</b>
Depreciation and amortisation	9 826	5 033	20 091	8 891
Income taxes paid		-	-	-
Share-based payment expense	2 949	2 392	11 404	5 059
Net financial items	3 310	-24 272	-197 761	342 987
Increase/(decrease) in inventory	-2 283	-3 117	-2 566	-3 217
Increase/(decrease) in net accounts receivable and payable	-2 838	16 729	-24 337	-8 902
Increase/(decrease) in net other receivables and other payables	-6 445	29 680	-28 579	43 167
<b>Cash flows from operating activities</b>	<b>-69 883</b>	<b>1 152</b>	<b>-210 547</b>	<b>-82 716</b>
Purchase of property, plant and equipment	-46 269	-112 561	-194 174	-201 138
Purchase of intangible asset	-	-	-2 087	-5 303
Purchase of shares	-	-	-4 260	-10 000
Dividend	-	-	4 000	-
Increase/(decrease) in other non-current assets	-	-2 592	-14	-4 623
Interest income received	1 012	621	1 012	-621
<b>Cash flows from investment activities</b>	<b>-45 258</b>	<b>-114 532</b>	<b>-195 524</b>	<b>-220 443</b>
Proceeds from issue of shares	1 040	40 945	3 157	826 438
Proceeds from borrowings	24 466	-3 568	12 830	28 200
Payment of lease liabilities	-3 793	-2 230	-12 129	-7 671
Interest expenses paid	-803	-	-5 108	-2 250
<b>Cash flows from financing activities</b>	<b>20 910</b>	<b>35 148</b>	<b>-1 250</b>	<b>844 717</b>
<b>Net change in cash and cash equivalents</b>	<b>-94 231</b>	<b>-78 233</b>	<b>-407 321</b>	<b>541 558</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>379 133</b>	<b>770 457</b>	<b>692 223</b>	<b>150 666</b>
<b>Cash at cash equivalents at end of period Group</b>	<b>284 903</b>	<b>692 223</b>	<b>284 903</b>	<b>692 223</b>

**QUANTAFUEL ASA**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**1 JANUARY – 31 DECEMBER**  
(Amounts in NOK thousands)

	Share capital	Share premium	Retained earnings	Total	Non-controlling interests	Total equity
<b>Equity at 31 December 2019</b>	<b>112</b>	<b>497 874</b>	<b>-286 676</b>	<b>211 310</b>	<b>66 780</b>	<b>278 090</b>
Profit (loss)	-	-	-496 699	-496 699	-5 614	-502 313
Change in NCI share of plant excess value	-	-	-20 560	-20 560	20 560	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-517 259</b>	<b>-517 259</b>	<b>14 946</b>	<b>-502 313</b>
Translation differences, net	-	-	1 342	1 342	-	1 342
<b>Total OCI</b>	<b>-</b>	<b>-</b>	<b>-515 917</b>	<b>-515 917</b>	<b>14 946</b>	<b>-500 971</b>
Increase in share capital	1 246	870 563	-	871 809	-	871 809
Share-based payments	-	5 059	-	5 059	-	5 059
<b>Equity at 31 December 2020</b>	<b>1 358</b>	<b>1 373 496</b>	<b>-802 593</b>	<b>572 261</b>	<b>81 726</b>	<b>653 987</b>
Profit (loss)	-	-	8 670	8 670	-	8 670
Change in NCI share of plant excess value	-	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>8 670</b>	<b>8 670</b>	<b>-</b>	<b>8 670</b>
Translation differences, net	-	-	2 162	2 162	-	2 162
<b>Total OCI</b>	<b>-</b>	<b>-</b>	<b>10 832</b>	<b>10 832</b>	<b>-</b>	<b>10 832</b>
Increase in share capital	132	521 582	-	521 715	-	521 715
Equity effect of aquisition Skive minority shareholders	-	-	-35 202	-35 202	-81 726	-116 928
Share-based payments	-	11 404	-	11 404	-	11 404
<b>Equity at 31 December 2021</b>	<b>1 490</b>	<b>1 906 483</b>	<b>-826 963</b>	<b>1 081 010</b>	<b>-</b>	<b>1 081 010</b>

## **Notes to the interim condensed consolidated financial statements**

### **Note 1 Corporate information and basis for preparation**

#### **Corporate information**

The interim condensed consolidated financial statements ('the Statements') of Quantafuel ASA and its subsidiaries ('the Group') for the period ended 31 December 2021 were authorised for issue by the Board of directors on 27 February 2022.

Quantafuel ASA was formed in 2014 and is a Norwegian public limited company listed on Euronext Growth Oslo. The Group's head office is in Lilleakerveien 2C, 0283 Oslo, Norway.

Quantafuel is a technology-based energy company converting waste plastics back into low-carbon synthetic oil products replacing virgin oil products. Quantafuel is establishing, operating and owning dedicated plastic-to-liquid (PtL) plants and plans to establish several plants throughout Europe and beyond.

The strategy is to expand the production footprint internationally to have a meaningful contribution to solve one of the most pressing environmental challenges of our time.

#### **Basis of preparation**

The Statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The statements do not include all the information and disclosures required in the annual financial statements and should be read together with the Group's annual consolidated financial statements as of 31 December 2020.

The accounting policies used in preparation of the Statements are consistent with those used for preparation of the Group's annual financial statements for 2020.

## Note 2 Property, Plant and Equipment

	Property and plant	Machinery and equipment	Assets under construction	Total
<b>Period ended 31 December 2019</b>				
Cost		815	95 736	96 551
Additions		4 489	259 466	263 955
Accumulated depreciation		1 759		1 759
<b>Net book value at 31 December 2019</b>		<b>3 545</b>	<b>355 202</b>	<b>358 748</b>
<b>Period ended 31 December 2020</b>				
Additions		61 375	196 102	257 476
Depreciation		5 305		5 305
Exchange differences				-
<b>Net book value 31 December 2020</b>	-	<b>59 615</b>	<b>551 304</b>	<b>610 919</b>
<b>Period ended 31 December 2021</b>				
Additions	-	49 225	147 931	197 185
Derecognition	-	-	2 329	2 329
Reclassification assets held for sale		-18 318	-	-18 318
Depreciation	-	7 988	3 015	11 003
Exchange differences	-	-	-3 011	-3 011
<b>Net book value 31 December 2021</b>	-	<b>82 563</b>	<b>690 879</b>	<b>773 443</b>
Useful life	15-20 years	3-10 years	5-20 years	
Depreciation	Straight line	Straight line	Straight line	

As for previous quarterly financial reporting, Quantafuel has conducted a valuation of the Skive plant. There has been no need for impairment based on the current estimates.



### Note 3 Financial assets and financial liabilities

Below is an overview of financial assets and liabilities, other than cash, held by the group:

Financial assets other than cash:	<u>31.12.2021</u>	<u>31.12.2020</u>
<b>Debt instruments at amortised cost:</b>		
Trade and other receivables	44 006	13 477
Assets held for sale	18 318	-
Non-current deposits	7 652	7 855
<b>Sum financial assets</b>	<b>69 976</b>	<b>21 332</b>
<b>Total current</b>	<b>69 976</b>	<b>13 477</b>
<b>Total non-current</b>	<b>7 652</b>	<b>7 855</b>

Financial liabilities: Interest-bearing liabilities:

	Interest rate	Maturity	<u>31.12.2021</u>	<u>31.12.2020</u>
<b>Current interest-bearing liabilities</b>				
Loan from Sparebank 1 SMN	5.75%	2022	7 640	-
Loan from DGI	CIBOR 3+7.03%	2022	10 208	6 191
Lease liabilities	8.48 / 6 %	2022	7 541	5 723
<b>Total current</b>			<b>25 390</b>	<b>11 914</b>
<b>Non-current interest-bearing loans:</b>				
Sparebank 1 SMN	5.75 %	2026	29 287	39 286
Innovasjon Norge	3.95%	2024	2 400	2 400
Loan from DGI	CIBOR 3+7.03%	2028	55 071	38 189
BASF liability	18.86%		-	79 019
BASF conversion right liability	n.a.		-	360 758
Lease liabilities	8.48% / 6%	2034	92 464	71 000
<b>Total non-current</b>			<b>179 222</b>	<b>590 652</b>
<b>Total interest-bearing liabilities</b>			<b>204 611</b>	<b>602 567</b>

Other financial liabilities at amortised cost:

	<u>31.12.2021</u>	<u>31.12.2020</u>
Trade and other payables	104 606	125 432
<b>Total current</b>	<b>104 606</b>	<b>125 432</b>
<b>Total non-current</b>	<b>-</b>	<b>-</b>

On 14 July 2021 BASF converted their convertible loan into shares. The financial items related to the convertible loan as at the conversion date was NOK 26.8 million for 2021. The total profit and loss effect of the convertible loan has been NOK 131.6 million. This is excluding the exchange rate effect. Total equity effect of the convertible loan has been NOK 233.6 million, this excluding the effect on the retained earnings through profit and loss.

#### **Note 4 Share-based payments**

Share options of the parent company have been granted to Directors of the Board, executive management and other employees. As of 31.12.2021, the Company had 6,978,669 options outstanding. Each option gives the right to subscribe for one share. The options outstanding at the reporting date has an exercise price between NOK 4.60 – 77.00 per share, and with an exercise period that ends between 12 June 2023 and 1 November 2025.

The calculated value is recognised as a liability in the statement of financial position. The liability recognised at the reporting date is NOK 25.7 million and NOK 14.1 million for social security taxes. The change in the liability in the period is recognised as salaries and personnel costs in the income statement. Quantafuel may at any time resolve to terminate all issued options against a cash consideration equal to the market value of the option shares as the time of the termination, less the exercise price for such options.

#### **Note 5 Share capital increase**

On 14 January 2021, new shares were registered in the Norwegian Register of Business Enterprise, following the purchase of 40% of Geminor Invest AS. Quantafuel issued 2,720,044 shares at NOK 0.01 per share. For 916,363 of the shares, the subscription price was set at NOK 55 per share, and for 1,803,681 of the shares, the subscription price was set at 65.2 per share, giving a share premium of NOK 167,972,799.6.

On 9 March 2021 new shares were registered in the Norwegian Register of Business Enterprise. Quantafuel issued 183,332 shares at NOK 0.01 per share. This capital increase was related to stock options being exercised. The shares were exercised at subscription prices between NOK 4.60 and NOK 19.00 per share.

On 11 June 2021 new shares were registered in the Norwegian Register of Business Enterprise. Quantafuel issued 11,333 shares at NOK 0.01 per share. This capital increase was related to stock options being exercised. The shares were exercised at subscription prices between NOK 4.60 and NOK 12.90 per share.

On 5 July 2021 new shares were registered in the Norwegian Register of Business Enterprise. Quantafuel issued 2,880,000 shares at NOK 0.01 per share. This capital increase was related to the purchase of the remaining 23.7% of the shares in Quantafuel Skive ApS.

On 22 July 2021 new shares were registered in the Norwegian Register of Business Enterprise. Quantafuel issued 7,300,921 shares at NOK 0.01 per share. This capital increase was related to conversion of the BASF convertible loan into shares.

On 15 September 2021 new shares were registered in the Norwegian Register of Business Enterprise. Quantafuel issued 7,300,921 shares at NOK 0.01 per share. This capital increase was related to stock options being exercised. The shares were exercised at a subscription price NOK 13.5 per share.

On 1 December 2021 new shares were registered in the Norwegian Register of Business Enterprise. Quantafuel issued 66,667 shares at NOK 0.01 per share. This capital increase was related to stock options being exercised. The shares were exercised at a subscription price between NOK 10.90 and 26.29 per share.

The total share capital of Quantafuel as of 31 December 2021 was NOK 1,490,151.80 divided by 149,015,180 shares, each with a par value of NOK 0.01.

## **Note 6 Change in the composition of the entity**

On 12 January 2021 Quantafuel ASA acquired 40% of Geminor Invest AS, the 100% owner of Geminor AS ("Geminor"). As part of the transaction, Quantafuel obtained an option to acquire the remaining shares in Geminor Invest AS.

From first quarter 2021 Geminor Invest AS is recognised in the accounts as an equity accounted investee according to IAS 28.3.

On 18 February 2021 Quantafuel Cheshire Ltd. was registered in the Companies House in England and Wales. On 27 February 2021 Quantafuel Sunderland Ltd. was registered in the Companies House in England and Wales. Quantafuel ASA holds 50% of the shares in both companies.

On 28 June 2021 Quantafuel ASA purchased the remaining 23.7% of Quantafuel Skive ApS and now holds 100% of the shares in Quantafuel Skive Aps.

On 1 July 2021 Quantafuel Aalborg Aps, Quantafuel Esbjerg Aps and Quantafuel Denmark Aps were registered with Erhvervsstyrelsen, Denmark. Quantafuel ASA holds 100% of the shares in all three companies.

On 30 December 2021 Quantafuel ASA purchased the remaining 50% of Quantafuel UK Ltd., Quantafuel Cheshire Ltd. and Quantafuel Sunderland Ltd and now holds 100% of the shares in the three UK companies.

## **Note 7 Subsequent events**

On 27 January 2022 Quantafuel ASA raised NOK 400,000,000 in a private placement through allocation of 16,000,000 new shares at a share price of NOK 25.00 per share.

The total share capital of Quantafuel following the private placement is NOK 1,650,151.80 divided by 165,015,180 shares, each with a par value of NOK 0.01

On 5 February 2022 the Skive plant in Denmark experienced a mechanical failure in the burner chamber of one of the production lines. As a safety precaution all production was closed down to allow for root cause to be identified and rectified. There were no personal injuries, neither any hazardous substances released to the environment. Danish authorities have been informed, but do not see a need for their participation.

## Forward looking statement

This report contains certain forward-looking statements that involve risks and uncertainties. In some cases, we use words such as "ambition", "continue", "could", "estimate", "expect", "believe", "focus", "likely", "may", "outlook", "plan", "strategy", "will", "guidance" and similar expressions to identify forward-looking statements. All statements other than statements of historical fact, including, among others, statements regarding plans and expectations with respect to Quantafuel's development and returns, balance sheet and long-term underlying earnings growth; market outlook and future economic projections and assumptions; capital expenditure guidance; production guidance; development and construction activities; projected unit of production cost; accounting decisions and policy judgments, ability to put new plants into profitable production, and the impact thereof; expected dividend payments; estimated provisions and liabilities; implementation of IFRS, and the impact thereof; planned acquisitions and investments; and the projected impact or timing of administrative or governmental rules, standards, decisions or laws, including with respect to and future impact of legal proceedings are forward-looking statements.

You should not place undue reliance on these forward-looking statements. Our actual results could differ materially from those anticipated in the forward-looking statements for many reasons.

These forward-looking statements reflect current views about future events and are, by their nature, subject to significant risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including levels of industry product supply, demand and pricing; price and availability of alternative fuels; currency exchange rate and interest rate fluctuations; the political and economic policies of operating countries; general economic conditions; political and social stability and economic growth in relevant areas of the world; global political events and actions; economic sanctions, security breaches; changes or uncertainty in or non-compliance with laws and governmental regulations; the timing of bringing new plants on stream; an inability to exploit growth or investment opportunities; material differences from reserves estimates; an inability to find and develop new plants; ineffectiveness of crisis management systems; adverse changes in tax regimes; the development and use of new technology; geological or technical difficulties; operational problems; operator error; inadequate insurance coverage; the lack of necessary transportation infrastructure when a field is in a remote location and other transportation problems; the actions of competitors; the actions of partners; the actions of governments; counterparty defaults; natural disasters and adverse weather conditions, climate change, and other changes to business conditions; an inability to attract and retain personnel; relevant governmental approvals; industrial actions by workers and other factors discussed elsewhere in this report.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot assure you that our future results, level of activity, performance or achievements will meet these expectations. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, we undertake no obligation to update any of these statements after the date of this report, whether to make them either conform to actual results or changes in our expectations or otherwise.



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