

Quantafuel ASA

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First Quarter 2022

Consolidated financial statements

Quantafuel ASA



First quarter report 2022

- **Proof of Concept reached at Skive**
- **Achieved 30 days of continuous operation on both lines at Skive in March/April**
- **Updating standard design for next generation Quantafuel PTL plants**
- **Progressing with full speed on named projects internationally**
- **Positive operational cashflow from the plants expected within second half of 2022**
- **Skive 2022 production volume target adjusted to be in the range of 6,000 - 8,000 tonnes**
- **Macroeconomic trends confirm Quantafuel's strategy**

In Q1 2022, Quantafuel took another leap forward on the path from start-up to leading driver in the implementation of the circular economy by demonstrating long-term stability of our process and continuing the development of a project pipeline second to none.

Quantafuel upcycles low-value plastic waste, saving it from its final stop at the landfill or incineration plant by bringing it into a circular economy where it is turned into new, high quality plastic products. Quantafuel's technology contributes towards reaching the EU's bold recycling targets as well as helping businesses increase the share of recycled content in their products.

The demand for recycled, high-quality products, contributing to a 50% CO₂ reduction compared to incineration, is by all practical means unlimited and Quantafuel is well positioned to capitalise on these opportunities. We close the recycling loop; the oil we produce serves as a substitute for fossil oil and is sent to BASF whose customers use it to manufacture a broad variety of high-quality plastic products ranging from food packaging to thermal boxes used for transporting Norwegian salmon and for temperature-sensitive vaccines.

It has been a rewarding first quarter for Quantafuel as Proof-of-Concept (PoC) was reached in March 2022 at our chemical recycling plant in Skive; a milestone for continuous processing within chemical recycling of plastic waste. We are also pleased to report that the latest improvements made at Skive have led to a breakthrough with respect to uptime and stability; during March and April, we achieved 30 days of continuous operation on both lines.

We have proved that our upcycling technology can be applied globally and Quantafuel is now moving into the next phase of large-scale production of pyrolysis oil. We have gained invaluable learnings from the Skive plant and are in the process of finalising the concept design for the next generation Quantafuel PtL plants, leading up to a first Final Investment Decision (FID) later this year. Quantafuel is now entering the next chapter of its journey.

Macroeconomic trends are in favour of Quantafuel's growth plans. Quantafuel continues to experience high interest from major international companies within petrochemical, refineries, and fast-moving consumer goods, and even more so after reaching PoC. 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 highly attractive sales prices for sorted hard plastic PE and PP products.

Health, Safety & Environment – Aiming for zero recordable incidents

Quantafuel has an objective of zero harm to people, the environment, as well as assets. HSE is a non-negotiable priority in Quantafuel's operations.

During Q1 2022, zero Lost Time Injuries (LTI) were reported, neither any accidental releases to the environment.

The company remains committed to ensuring a safe working environment and excellent HSE performance.

There is continuous proactive effort, commitment and focus on prevention of negative health, safety and environmental incidents. Operators, employees, and subcontractors undergo mandatory HSE training, as well as other required certification to ensure a safe and healthy working environment.

Skive - Operational and technology update

In March 2022, Quantafuel was pleased to announce PoC for its Skive plant after more than seven days of continuous operation. The technology basis was already proven through months of operation, leading to several truckloads of high-value oil products to our offtake partner BASF.

Reaching the PoC milestone was not only an important breakthrough for the company, but also for the industry. Following the upgrades made in the fourth quarter, we knew that our process and technology could perform at expected level, and with the PoC, we have proven the ability to balance uptime and capacity. PoC was achieved at a feeding load corresponding to 16,000 tonnes yearly for four lines, and the work continues to prove the same stability at the plant's design capacity. After reaching PoC we set a new record running the lines in continuous operation for 30 days. The previous record was 21 days set in January. This is a significant improvement for Skive and Quantafuel's continuous reactor technology.

Stepping up in load without negatively impacting stability requires thoroughness and continuous optimisation. This work will continue through the next quarters with onboarding of the third and fourth production line in Q2 2022 and Q3 2022 respectively, with the target to exit the year at a run rate equal to nameplate capacity. Testing has not revealed any need for significant plant upgrades to reach this target.

The production in Q1 2022 was significantly impacted by the previously announced irregularity in a burning chamber that led to a stop in all production to improve of all four chambers to secure the same high standard on all lines. As a result, recorded figures for Q1 2022 are 1,358 running hours and 648 tonnes of plastics infed.

With the Q1 2022 burner chamber production stop and considering proven stability at a capacity equal to 16,000 tonnes annually for the plant, the 2022 production target for Skive is reduced from 12,000 to the range of 6,000 - 8,000 tonnes. We have chosen to give a range instead of stating an exact number because as well as maximising production volumes, we have to keep executing tests at Skive that provide us with valuable data and learnings for our next generation PtL plants.

A key aspect for plant economics, besides high regularity and stable offtake, is the ability to process a variety of plastic qualities. The main feedstock in Skive the past months has been sorted post-consumer plastic waste. Currently, a significant batch of Norwegian IVAR plastics is being processed with satisfactory results. Plastics from IVAR is different since it is recovered from mixed household waste. Even though it is naturally contaminated by the biological waste, the chemical analyses from the produced oil shows that the plant is still producing oil within product specification in commercially attractive volumes. This represents another key achievement for Quantafuel's chemical recycling process in general, and for our Skive plant in particular.

Project Pipeline

The first quarter of 2022 was focusing on existing projects, driving our partnerships forward.

Last year we entered into a Master Service Agreement with Saipem for consulting services and in January 2022 we kicked off the concept study for our next generation PtL plants incorporating all the latest Skive learnings. The objective for the study is to bring all the operational experience and learnings from our Skive PtL facility into our improved design and architecture in addition to refining our cost estimate. These learnings at full-scale operations set Quantafuel apart from all other

players, a distinction appreciated by numerous parties interested in implementing large PtL plants. In cooperation with and supported by our industrial partner BASF, we have now laid a solid foundation for next generation of PtL plants and we are ready to kick off site-specific Front End Engineering and Design (FEED) studies for the announced prospects according to previously communicated plans.

For our UK developments, we are ready to submit the planning application to the Sunderland Council in May for the construction of our first site in the UK.

In our project with Dubal Holding and ENOC, the team's focus was on the completion of the feasibility stage. One of the highlights was welcoming ENOC and Dubal Holding to our plant in Skive, Denmark. Technical work with Saipem is proceeding well.

With Vitol & VTTI in the Amsterdam-Rotterdam-Antwerp region, we are proceeding along the revised plan, working on site selection with special regard to expected timelines for permitting.

We are having detailed conversations with major international oil companies for PtL projects in Europe.

Kristiansund update – Mechanical recycling investment on track

Quantafuel's operation in Kristiansund illustrates the company's growth plans also for small and midsized markets; 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.

There is a strong demand – and record-high prices – for high-quality mechanically recycled plastic material. Since completing the 20,000 tonnes per year sorting line at Kristiansund, we are processing up to 40 tonnes of plastic on a daily basis and are continuing to ramp up. Shipments are being made to Norwegian and European customers at market prices significantly above budget assumptions.

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 our customers for making new plastic products.

To fully utilise the installed capacity, additional sorting 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 can increase production with 10,000 tonnes of chemical recycling suitable feedstock per year for a potential permanent plastic-to-liquid plant by increasing manning and without need for additional CAPEX.

In February, Quantafuel and Geminor entered into a cooperation for the supply and treatment of up to 30,000 tonnes of plastic waste annually. The sourced plastic waste will be recycled at Quantafuel's mechanical and chemical recycling plant in Kristiansund, Norway. The cooperation came into effect in March. Quantafuel's sorting and treatment capacity, combined with Geminor's tracking, logistics and waste expertise, will lead to a considerable increase in the recycling of plastics in the Nordics.

Esbjerg development

Quantafuel is progressing as planned with the development in Esbjerg. The sorting equipment is ordered and production capacity is reserved. The main building contracts have been assigned and the first machines are on site preparing the land. The plant will have a sorting capacity of up to 160,000 tonnes per year, with expected start up in the second half of 2023.

The plastic waste sorting plant will be the largest of its kind in Denmark, utilizing proven technology. The plant will consist of a high-tech NIR-based sorting system separating the plastic waste into mono fractions suitable for selling to mechanical recycling and chemical recycling. The opportunity we have seized in Denmark will be a showcase for plastic waste sorting across Europe and the opportunity to deliver to both mechanical and chemical recycling will give the facility an unmatched recycling rate potential. This integrated solution is assumed to establish as industry best practice for future plants.

The plant will be a major contributor for Denmark to reach its recycling targets, reduce polluting incineration and addressing the public demand for circularity.

The next phase of the Esbjerg project will include a large-scale PtL plant based on Quantafuel's technology, with significant volumes of waste plastics feedstock sourced from the sorting facility.

Aalborg facility

We have entered into a long-term lease with the Port of Aalborg for a plot adjacent to Geminor's existing site, to develop a logistics hub for Skive.

Quantafuel's Aalborg facility is a temporary sorting line for Skive feedstock until our Esbjerg sorting plant is up and running. Further, the Aalborg facility will be used for tendering on waste contracts, building a portfolio of feedstock transferred to our Esbjerg facility when ready, mitigating feedstock risk.

A firm contract for the sorting line is about to be signed with a recognized EU supplier, and the plant is scheduled to start operation around year end 2022.

Geminor will be responsible for the daily plant operation, as well as for tendering for unsorted plastic waste in Denmark and other relevant markets.

Market development update

The macroeconomic trend remains supportive for Quantafuel's growth plans. Industrial and retail demand for recycled products is strong, with higher prices seen for both recycled liquid products and recycled plastics. Although not directly relevant, prices for bio-based oils have been very strong over the past months. The underlying strong market for crude oil is also driving prices for green and recycled liquid products.

In Q1 2022, the secondary plastics market has seen a high price growth with fractions received with negative pricing 12 months ago, now commanding payment. Predominantly tight supply, a strong demand coming from markets' growing sustainability needs, and structural availability shortages as a result of insufficient collection and sorting capacity, maintain the growth path. We expect a continuing increase of new recycled-focused buyers to keep the demand high in the coming year, as more and more companies (FMCG, aquaculture, industry etc.) experience pressure from stakeholders and customers to deliver on recycled content in their products.

This strong development of the secondary plastics market confirms Quantafuel's strategy of building a presence along the value chain which allows us to profit from strong demand across different product lines and qualities.

Increasingly, Quantafuel will also participate in tenders for plastic waste and receive gatefees for taking plastics from various sources across the Nordics. With plastics high on the political agenda, Quantafuel finds additional support in our strategy to establish new PtL plants through initiatives like EU Green deal. Secondary plastic materials are an increasingly important substitute for a strained plastics supply. Commodity plastics are keeping the gains in value made during the pandemic and even continuing their increases to reach double or triple pre-pandemic levels.

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. We are also working on developing live reporting of sustainability metrics from our facilities.

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 2021. The LCA will be completed during the summer of 2022.

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.

Sustainability is core to our business and we are proud to be noticed and acknowledged for our work: The Danish Plastics Federation recently announced that Quantafuel has been shortlisted for its annual Plastic Award 2022 ("Plastprisen 2022"). Quantafuel was nominated by its strategic partner, German chemical company BASF, whose Managing Director and Vice President in the Nordics and Baltics, Mark Meier, stated: "What Quantafuel has achieved in Skive plays an important part in the green transition, which extends beyond Denmark's borders. We are very happy that Quantafuel is among the five nominees for the prize."

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 first quarter, providing the necessary data for BASF and Quantafuel to evaluate and conclude on use of this reactor technology in a permanent installation. The pilot has been operating stably on a five day / ten hours per day regime, producing 40 tonnes of high-quality pyrolysis oil in the process so far in 2022.

At the R&D center in Malmö, Sweden, we have established a feedstock qualification programme where potential suppliers can verify their feedstock in close cooperation with Quantafuel's researchers.

At the Innovation Hub Chemical Conversion of Waste (CCW) at NTNU in Trondheim, work continues the conversion of biomass to aviation fuel (supported by Research council of Norway), hydrogen from plastic waste, and the pyrolysis of waste to liquids in general.

Organisation

Quantafuel's organisation is steadily growing. During the first quarter, eight new employees have joined Quantafuel. The total number of employees at the end of the first quarter was 103.

The Company and Group employees represent a wide diversity in education, previous working experience, gender, age and cultural background. For Quantafuel, diversity is viewed as a source of advantage. Differences in background, culture and perspectives are important for the company, and in 2021 a total of 19 nationalities were represented in Quantafuel Group among its employees.

Quantafuel facilitates equal opportunity for professional and personal development for all employees. Our ambition is to create and achieve a working environment where all employees can feel they are contributing and are heard. We will continue to work towards our differences and similarities becoming our strength, with the ambition of creating and keeping an open, curious, and inclusive culture.

Finance

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

On 27 January 2022, Quantafuel completed a private placement of NOK 400 million.

Per 31 March 2022, Quantafuel ASA had a cash position of NOK 577 million. This capital puts Quantafuel in position to complete the investments in Aalborg, Kristiansund, and Esbjerg (50% share).

Quantafuel is in process to project finance the Esbjerg Sorting Plant.

Growth strategy and outlook

Following Proof-of-Concept for our Plastics-to-Liquid plant in Skive, the focus remains on ramping up production volumes at the plant. In parallel, the final investment decision for the Esbjerg Sorting Plant is a key milestone for Quantafuel. Further, in our Kristiansund plant we are increasing capacity on sorting and working on a chemical recycling plant planned to be operating alongside the existing mechanical recycling plant.

The Board of Directors fully support Quantafuel's management and organisation to continue the announced growth plan. 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.

Quantafuel is discussing the roll-out of large-scale capacity plants with both existing and potential new partners.

The market remains positive for Quantafuel's products, with prices being higher than previously expected.

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	Q1 2022	Q1 2021	Full year 2021
Unaudited figures in NOK if not stated otherwise	Group	Group	Group
			Audited
Operating revenue	10 249	1 771	5 161
Total Income	12 814	3 439	9 115
EBITDA	-52 331	-30 486	-206 946
Profit (loss)	-70 722	113 097	-3 883
Total assets	1 776 415	1 572 196	1 500 171
Cash & Cash equivalents	577 477	577 597	284 903

Operating revenue of NOK 10.2 million in Q1 2022 includes revenue from our plants in Skive (NOK 2.4 million) and Kristiansund (NOK 2.9 million), and NOK 4 million relating to the Avinor project.

Included in total income is the Group's share of net result in Geminor Invest AS, NOK 2.6 million for Q1 2022, which is included in the Group accounts as an equity-accounted investee.

EBITDA in Q1 2022 was NOK -52.3 million compared to NOK -30.5 million same period in 2021. Salary costs in Q1 2022 was NOK 23.3 million compared to NOK 9.3 million in Q1 2021. For Q1 2022 the number of employees is higher than in Q1 2021.

Other operating expenses in Q1 2022 was NOK 17.8 million compared to NOK 19.7 million in Q1 2021.

Loss for the period Q1 2022 was NOK 70.7 million.¹

¹ The Profit (loss) consists of EBITDA, depreciation, net financial items, and taxes.

Statement of Financial position

Balance Sheet

Quantafuel Balance sheet

Unaudited figures in NOK if not stated otherwise

	At 31 March 2022 Group	At 31 March 2021 Group	At 31 Dec 2021 Group Audited
Total non-current assets	1 161 571	985 212	1 151 653
Total current assets	614 843	586 984	348 519
Total assets	1 776 415	1 572 196	1 500 171
Total equity	1 386 345	939 860	1 068 479
Total non-current liabilities	304 964	544 627	303 711
Total current liabilities	85 106	87 709	127 981
Total equity and liabilities	1 776 415	1 572 196	1 500 171

As per 31 March 2022 the Group's equity was NOK 1,386 million. Cash and cash equivalents were NOK 577.5 million, of which NOK 2.1 million was restricted cash (employee tax advance account).

Total non-current assets at the end of the quarter were NOK 1,162 million due to an increase related to the Skive plant, Kristiansund plant, and costs for FEED and concept development.

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

		Q1 2022 Group	Q1 2021 Group	Full year 2021 Group Audited
Operating revenue		10 249	1 771	5 161
Share of net income in equity-accounted investees		2 565	1 668	3 954
Cost of goods sold		24 016	4 935	55 854
Salaries and personnel costs	4	23 292	9 318	67 133
Depreciation and amortisation	2	13 763	3 314	20 061
Other operating expenses		17 837	19 672	52 951
Operating profit (loss)		-66 094	-33 800	-186 885
Finance income		14	1 156	1 012
Finance expense		3 432	2 902	-12 911
Finance items convertible loan		-	152 358	205 302
Net financial items	3	-3 418	150 612	193 403
Profit (loss) before tax		-69 512	116 812	6 518
Income tax expense		-1 210	3 715	-10 401
Profit (loss) for the period		-70 722	113 097	-3 883
Attributable to:				
Equity holders of the parent		-70 722	116 460	-3 883
Non-controlling interest	6	-	-3 363	-
Earnings per share, ordinary		-0.5	0.8	-0.0
Earnings per share, diluted		-0.5	0.4	-0.0

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

		Q1 2022	Q1 2021	Full year 2021
	Note	Group	Group	Group
Profit for the period		-70 722	113 097	Audited -3 883
Items that may be reclassified to profit (loss)				
Translation differences, net		-1 102	556	2 184
Total comprehensive profit (loss)		-71 824	113 653	-1 699
Attributable to:				
Equity holders of the parent		-71 824	117 016	-1 699
Non-controlling interest		-	-3 363	-

QUANTAFUEL ASA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2022
(Amounts in NOK thousands)

	Note	At 31 March 2022 Group	At 31 March 2021 Group	At 31 December 2021 Group Audited
ASSETS				
Deferred tax asset		20 704	12 734	21 300
Goodwill		54 085	54 085	54 085
Other intangible assets		32 265	30 560	32 537
Property plant and equipment	2	773 368	639 008	771 134
Right-of-use asset		99 201	67 666	93 139
Equity-accounted investment	6	174 371	173 519	171 806
Investment in associated company		-		-
Other non-current assets		7 578	7 640	7 652
Total non-current assets		1 161 571	985 212	1 151 653
Inventory		4 660	3 442	5 783
Accounts receivable		6 091	1 797	18 120
Other receivables		8 298	4 148	21 395
Assets held for sale		18 318	-	18 318
Cash and cash equivalents		577 477	577 597	284 903
Total current assets		614 843	586 984	348 519
Total assets		1 776 415	1 572 196	1 500 171
EQUITY AND LIABILITIES				
Share capital		1 650	1 387	1 490
Other paid-in capital		2 296 014	1 545 686	1 906 483
Retained earnings		-911 319	-692 306	-839 493
Equity attributable to the owners of the parent		1 386 345	854 767	1 068 479
Non-controlling interests		-	85 092	-
Total equity		1 386 345	939 860	1 068 479
Deferred tax liabilities		125 950	109 730	124 740
Non-current interest bearing liabilities	3	81 870	359 505	86 757
Long-term leasing liability	3	97 144	66 348	92 214
Other non-current liabilities		-	9 044	-
Total non-current liabilities		304 964	544 627	303 711
Current interest bearing liabilities	3	17 563	5 914	17 848
Tax payable		434	-	450
Short-term leasing liability	3	9 306	6 945	7 555
Accounts payable		15 187	18 228	44 442
Other current liabilities		42 617	56 622	57 685
Total current liabilities		85 106	87 709	127 981
Total equity and liabilities		1 776 415	1 572 196	1 500 171

QUANTAFUEL ASA
CONSOLIDATED STATEMENT OF CASH FLOWS
1 JANUARY - 31 DECEMBER
(Amounts in NOK thousands)

	Q1 2022	Q1 2021	Full year 2021
	Group	Group	Group
			Audited
Profit (loss) for the period, before tax	-69 512	116 812	6 518
Depreciation and amortisation	13 763	3 314	20 061
Income taxes paid		-	-
Share-based payment expense	2 643	2 397	11 404
Net financial items	853	-150 612	-197 357
Increase/(decrease) in inventory	1 123	-225	-2 565
Increase/(decrease) in net accounts receivable and payable	-17 226	-34 148	-24 256
Increase/(decrease) in net other receivables and other payables	-1 365	-8 902	-24 351
Cash flows from operating activities	-69 722	-71 363	-210 547
Purchase of property, plant and equipment	-11 735	-32 644	-194 173
Purchase of intangible asset	-454	-	-2 087
Purchase of shares	-5 000	-5 519	-4 260
Dividend	-	-	4 000
Increase/(decrease) in other non-current assets	-36	-	-14
Interest income received	-	-	1 012
Cash flows from investment activities	-17 224	-38 163	-195 523
Proceeds from issue of shares	387 048	1 822	3 157
Proceeds from borrowings	-3 378	-2 802	12 830
Payment of lease liabilities	-2 815	-2 790	-12 129
Interest expenses paid	-1 335	-1 329	-5 108
Cash flows from financing activities	379 520	-5 099	-1 250
Net change in cash and cash equivalents	292 573	-114 625	-407 320
Cash and cash equivalents at beginning of period	284 903	692 223	692 223
Cash at cash equivalents at end of period Group	577 477	577 597	284 903

QUANTAFUEL ASA
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
1 JANUARY - 31 MARCH

(Amounts in NOK thousands)

	Share capital	Share premium	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 31 December 2020	1 358	1 373 496	-802 593	572 261	81 726	653 987
Profit (loss)	-	-	-3 883	-3 883	-	-3 883
Change in NCI share of plant excess value	-	-	-	-	-	-
Total comprehensive income	-	-	-3 883	-3 883	-	-3 883
Translation differences, net	-	-	2 184	2 184	-	2 184
Total OCI	-	-	-1 699	-1 699	-	-1 699
	-	-	-	-	-	-
Increase in share capital	132	521 582	-	521 714	-	521 714
Equity effect of aquisition minority shareholders	-	-	-35 202	-35 202	-81 726	-116 928
Share-based payments	-	11 404	-	11 404	-	11 404
Equity at 31 December 2021	1 490	1 906 483	-839 493	1 068 479	-	1 068 479
Profit (loss)	-	-	-70 722	-70 722	-	-70 722
Change in NCI share of plant excess value	-	-	-	-	-	-
Total comprehensive income	-	-	-70 722	-70 722	-	-70 722
Translation differences, net	-	-	-1 102	-1 102	-	-1 102
Total OCI	-	-	-71 824	-71 824	-	-71 824
Increase in share capital	160	386 888	-	387 048	-	387 048
Equity effect of aquisition minority shareholders	-	-	-	-	-	-
Other changes Equity	-	-	-	-	-	-
Share-based payments	-	2 643	-	2 643	-	2 643
Equity at 31 March 2022	1 650	2 296 014	-911 317	1 386 345	-	1 386 345

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 March 2022 were authorised for issue by the Board of directors on 12 May 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 2021.

The accounting policies used in preparation of the Statements are consistent with those used for preparation of the Group's annual financial statements for 2021.

Note 2 Property, Plant and Equipment

	Property and plant	Machinery and equipment	Assets under construction	Total
Period ended 31 December 2019		3 545	355 202	358 748
Additions		61 375	196 102	257 477
Depreciation		5 305	-	5 305
Exchange differences		-	-	-
Net book value at 31 December 2020		59 615	551 304	610 919
 Period ended 31 December 2020		 59 615	 551 304	 610 919
Additions		49 255	147 931	197 185
Reclassification held for sale		-18 318	-	-18 318
Disposals		2 333		2 333
Derecognition		-	2 329	2 329
Depreciation		7 964	3 015	10 979
Exchange differences		-	-3 011	-3 011
Net book value 31 December 2021	-	80 254	690 879	771 134
 Period ended 31 December 2021	 -	 80 254	 690 879	 771 134
Reclassification	604 885		-604 885	-
Additions	6 212	3 437	3 857	13 507
Reclassification held for sale		-	-	-
Disposals				
Derecognition		-	-	-
Depreciation	7 710	1 793	-	9 502
Exchange differences	-1 772	-	-	-1 772
Net book value 31 March 2022	601 616	81 899	89 852	773 368
 Useful life	 10-20 years	 3-10 years		
Depreciation	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:			2022	2021
Debt instruments at amortised cost:				
Trade and other receivables			14 389	39 515
Non-current deposits			7 578	7 652
Sum financial assets			21 966	47 167
Total current			14 389	39 515
Total non-current			7 578	7 652
Financial liabilities: Interest-bearing liabilities:			2022	2021
	Interest rate	Maturity		
Current interest-bearing liabilities				
Loan from Sparebank 1 SMN	5,75 %	2023	7 640	7 640
Loan from DGI	CIBOR 3 + 7,03%	2023	9 923	10 208
Lease liabilities	8.48% / 6%	2023	9 306	7 555
Total current			26 869	25 404
Non-current interestbearing loans:				
Sparebank 1 SMN	5,75 %	2026	27 377	29 287
Innovasjon Norge	3.95%	2024	2 400	2 400
Loan from DGI	CIBOR 3 + 7,03%	2028	52 093	55 071
BASF liability	n.a.		-	-
BASF conversion right liability	n.a.		-	-
Lease liabilities	8.48% / 6%	2034	97 144	92 214
Total non-current			179 014	178 971
Total interest-bearing liabilities			205 883	204 375
Other financial liabilities at amortised cost:			2022	2021
Trade and other payables			57 804	102 127
Total current			57 804	102 127
Total non-current			-	-

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 31.03.2022, the Company had 6,935,336 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 28.3 million and NOK 7.1 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 31 January 2022, new shares were registered in the Norwegian Register of Business Enterprise, following the Private Placement closed 28 January 2022. Quantafuel issued 16,000,000 shares at NOK 0.01 per share. The subscription price was set at NOK 25.0 per share, giving a share premium of NOK 399,840,000.

On 24 March 2022 new shares were registered in the Norwegian Register of Business Enterprise. Quantafuel issued 13,333 shares at NOK 0.01 per share. This capital increase was related to stock options being exercised. The shares were exercised at subscription prices at NOK 14.90 per share.

The total share capital of Quantafuel as of 31 March 2022 was NOK 1,650,285.13 divided by 165,028,513 shares, each with a par value of NOK 0.01.

Note 6 Change in the composition of the entity

There has been no changes in the composition of the entity during the first quarter of 2022.

Note 7 Subsequent events

On 6 April 2022 new shares were registered in the Norwegian Register of Business Enterprise. Quantafuel issued 800,000 shares at NOK 0.01 per share. This capital increase was related to the first tranche of payment related to the purchase of Quantafuel UK minority shares.

The total share capital of Quantafuel as of 12 May 2022 was NOK 1,658,285.13 divided by 165,828,513 shares, each with a par value of NOK 0.01.

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 divestments; 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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