

*Quantafuel ASA*

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# Annual Report 2022

Quantafuel

- Report from the Board of Directors
- Consolidated financial statements and notes
- Auditor's report



# List of Signatures

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## 2022 Quantafuel BOD Report.pdf

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## Report from the Board of Directors 2022

### About the Company

Quantafuel ASA (the “Company”) is the parent company of the Quantafuel Group (“Group”). The main office is located in Oslo (Norway).

The Group includes, in addition to Quantafuel ASA, the following subsidiaries:

Quantafuel Oslo AS  
Quantafuel Kristiansund AS  
Quantafuel Denmark Aps  
Quantafuel Skive Aps  
Quantafuel Aalborg Aps  
Quantafuel Sweden AB  
Quantafuel AB  
Quantafuel UK Ltd  
Quantafuel Sunderland Limited  
Quantafuel Cheshire Limited  
Next Gen Energy S.A de C.V

Quantafuel is a technology-based recycling company converting post-consumer plastic waste into low-carbon synthetic oil products replacing virgin oil products in the production of new plastics, as well as development and operation in related activities. Quantafuel develops, constructs, owns, and operates dedicated Plastic-to-Liquid (PtL) plants and plastic sorting/recycling facilities, and plans to establish several plants throughout Europe and beyond. Quantafuel currently has two plants in operation; Skive (Denmark) for chemical recycling and Kristiansund (Norway) for mechanical recycling and a temporary pilot scale installation for chemical recycling. The strategy is to expand the company internationally to make a meaningful contribution to solve one of our times’ most pressing environmental challenges.

Quantafuel focuses on building a circular economy for plastics that increases resource utilisation and reduces emissions. We rescue low-value waste from its final stop at the landfill, or an incineration plant, and bring it into a circular economy where it is turned into new products. Our technology is essential to helping European countries reach defined recycling targets and businesses increase the share of recycled content in their products.

### Highlights 2022

In 2022, Quantafuel took another leap forward on the path from start-up to leading driver in the implementation of the circular economy.

The first quarter kicked off with Quantafuel reaching Proof-of-Concept (PoC) in March at Skive; a breakthrough for continuous processing within chemical recycling of plastic waste. Since then, we’ve continued to reach important milestones at our Skive plant, one of the main events being the heating of all four production lines with self-generated gas (NCG), significantly reducing the operating costs.

Quantafuel also realised an important step in its growth strategy in May 2022 by entering a joint venture with investment fund Eurazeo for the sorting facility in Esbjerg, ReSource Denmark. The sorting facility is a game changer for the plastic waste market in Denmark, and a prerequisite for the co-located large-scale PtL plant Quantafuel is planning as a next strategic step in Esbjerg. The construction of the sorting plant is well under way and commissioning is planned for the end of 2023.



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In the second quarter, Quantafuel announced the agreement on principles with engineering- and construction contractor Saipem, making public our arrangement with them to globally market PtL plants under Quantafuel's technology license, adding a new dimension to Quantafuel's business model.

During 2022, Quantafuel proved that its upcycling technology can be applied globally. The company is now moving into the next phase of large-scale production of pyrolysis oil. With its invaluable learnings from Skive and finalisation of the next generation PtL plants, Quantafuel is ready to enter the next chapter of its journey.

### **Environment, Social and Governance (ESG)**

With a fully certified value chain and a technology enabling more plastic waste to be materially recycled, 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 (our partners) contribute to a circular economy for plastics by upcycling hard-to-recycle-polymers. The 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. Our environmental certification guarantees that the value chain is properly documented and measurable from origin to end-product. Quantafuel has developed a traceability tool that offers partners, suppliers and customers a "Bill of Sustainability" consisting of documented emission-savings and recycling data graphically presented in an easy-to-read way.

**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 continued to follow the sustainability priorities uncovered in the materiality assessment based on interviews with selected stakeholders conducted in 2021. 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

Throughout 2022, Norwaste (a leading Norwegian waste consultancy) has carried out a comprehensive analysis of 4.000 tons of Norwegian household plastic packaging waste stored in Landskrona. The study has been jointly commissioned by Quantafuel and BASF to strengthen knowledge on the feedstock for chemical recycling, and to contribute to BASF's "Clean chemcycling" program.

The report identifies several potential new feedstocks for chemical recycling, as well as packaging materials which should be avoided to improve the processability and quality of the pyrolysis product. It also sheds light on concentrations of substances of concern in packaging/residues attached to the waste.

With regards to the UN sustainable development goals (SDG), the following five goals are considered most relevant:

- SDG 7: Affordable and clean energy



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- SDG 9: Industry, innovation, and infrastructure
- SDG 11: Sustainable cities and communities
- SDG 12: Responsible consumption
- SDG 13: Climate action

Quantafuel has continued with both REDcert<sup>2</sup> and ISCC PLUS environmental certificates from German TÜV NORD, renewing the certificates in 2022. These certificates testify that Quantafuel sources feedstock from sustainable sources. The certificates also guarantee that Quantafuel's production process lives up to strict standards of traceability and environmental integrity.

Quantafuel is continuing to expand the activities with experienced companies and organizations with a strong ESG focus to further improve our sustainability performance. To this end, we have joined the Chemical Recycling Europe (CRE) Technical Working Group.

Quantafuel's plants will be built according to high sustainability standards, as seen also in the ReSource Denmark sorting plant built on the renowned DGNB GOLD standard. This means we are building more than an industrial site. The intention has been from the start to develop a site which is greener and more welcoming than you normally find, both for the people that work there, but also for visitors. The green features have multiple functions in addition to give a more welcoming appearance as an example the pond at the entrance to the plant also absorbs rain which again reduces the load on the municipal drainage system. The sorting plant has a large roof where solar panels can produce electricity and excess heat from the utility systems will be used for heating the buildings when needed.

Our goal is to ensure that our own production is climate neutral and waste free. As we are moving our business into the operational stage, we are continuing to strengthen our work in the ESG field. Key milestones in 2022 were to develop the "Bill of Sustainability" as well as establishing ESG criteria for ReSource Denmark.

### **Taxonomy - Responsible and sustainable business conduct**

The EU Taxonomy is a classification system, establishing a list of environmentally sustainable economic activities. The Taxonomy Regulation was published in the Official Journal of the European Union on 22 June 2020 and entered into force on 12 July 2020.

The Taxonomy Regulation establishes six environmental objectives:

- Climate change mitigation
- Climate change adaptation
- The sustainable use and protection of water and marine resources
- The transition to a circular economy
- Pollution prevention and control
- The protection and restoration of biodiversity and ecosystems

Quantafuel is working towards a taxonomy score for the financial year 2022. The work is currently ongoing with a mandatory verification activity.

As a part of the work, relating to compliance with the taxonomy regulation, a risk assessment has been carried out to identify and assess the salient risks, potential or factual, related to our activities, covering the entire value chain. The highest risk identified in this process is procurement of components to the pyrolysis plants through supplier(s) in China. Quantafuel is mitigating this risk through physical presence, dialogue, and contractual requirements to the supplier(s).



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## **Health, Safety and Environment (HSE)**

Quantafuel has an objective of zero harm to people, the environment, and assets. HSE is a non-negotiable priority in all Quantafuel operations.

Quantafuel had three lost time injuries and two medical treatment injuries throughout 2022. These were related to a muscle strain, an eye injury, an ankle strain, a hand injury, and a tooth damage, respectively.

There has been no major damage to assets during 2022.

There have been no unauthorized releases to the environment.

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

There is continuous effort, commitment and focus on prevention of health, safety and environmental incidents and events. Operators, employees, and subcontractors undergo both mandatory HSE training, as well as other required certification to ensure a safe and healthy working environment. Throughout 2022, a new and improved HSE management system has been rolled out, including a user-friendly system for reporting observations and HSE incidents.

REACH Regulation aims to improve the protection of human health and the environment through better and earlier identification of the intrinsic properties of chemical substances. Quantafuel has obtained the relevant REACH (PPORD) registrations for all chemical products produced at both the Skive and Kristiansund plant.

## **Skive plant**

Quantafuel Skive ApS is 100% owned by Quantafuel ASA. The plant is designed to convert low grade, post-consumer plastics into oil products suitable as petrochemical feedstock, and has a design capacity of 20,000 tonnes annually, divided on four equal processing lines, with common up- and downstream equipment for feedstock handling and pyrolysis oil processing and stabilization.

In March 2022, Quantafuel announced Proof of Concept (PoC) for its Skive plant after more than seven days of continuous operation at a level corresponding to an annual capacity of 16,000 tonnes of plastic waste infeed.

During 2022, the plant has continued to improve stability and uptime, and production as well as run rate has gradually increased. Despite this, we exited the year below the necessary level to reach cash positive operations.

Current target is to have three lines in continuous, parallel operations with the fourth in cold stand-by, ready for take-over when one of the running lines needs inspection and cleaning. Going forward, when sub-systems have proven robustness, the expectation is that the interval between these inspection and cleaning stops is reduced to a level where four lines can continuously operate in parallel.

In January 2023, we increased our intake of plastic by 32 % over the month of December, and a total of 1,436 production hours resulted in 548 tonnes of plastic processed in the month.

A focus area, besides operational stability and throughput is, and has been minimizing operational cost. A key parameter was to optimize the energy use and associated costs of operation with the use of self-produced gas, also referred to as NCG or non-condensable gas, to heat all four lines in normal operation and by that minimize use of natural gas. Other cost parameters are minimizing, or eliminating, disposal costs for production solids and produced water, i.e. remaining substances from the reactors and downstream equipment that are not converted to hydrocarbons by the pyrolysis process, minimize use of electricity, as



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well as establishing a feedstock supply chain with sufficient quality and volume, at the right cost. All these actions and measures are either completed or show great progress, and by that contributing to the development towards positive cash flow from operations.

Learnings, testing, and development are still a priority at Skive to continue our optimisation work and maximise practical experience with regards to our MKII investment. This is a balancing act between targeting to operate Skive as an independent profitable plant while at the same time needing to test and develop new improvements related to the benefit of future plants.

The Skive organisation has during the year been strengthened to handle preventive maintenance in parallel with 24/7/365 operations and is now both stable and right sized.

### **Kristiansund plant**

Quantafuel Kristiansund AS is 100% owned by Quantafuel ASA.

The limitation in available feedstock has throughout 2022 restricted the full utilisation of the plant, and actions are in place to improve the sourcing of feedstock.

Kristiansund's target feedstock is hard plastics, complementary to the soft plastics that are the main feedstock to Skive and other future PtL plants. Although the Kristiansund plant has unique processing capabilities with high tolerance to mixed and contaminated feedstock, the process of building up a stable, high-performing supply chain is still ongoing. The establishment of Polynate, the polymer sourcing specialist company owned 50/50 through a JV with Geminor and an enhanced co-operation with local stakeholders are the key initiatives to improve the situation.

Despite uncertainties in the secondary plastics market due to softening demand for mechanically recycled plastics throughout Europe, Quantafuel Kristiansund has managed to maintain favourable offtake agreements in 2022.

At 31 December 2022 Quantafuel Kristiansund AS was in breach of a covenant related to the working capital requirement for the loan from Sparebank 1 SMN. The covenant requirement is a positive working capital of NOK 2.5 million. The company has received a signed waiver from the bank and has replaced the working capital covenant with a corporate guarantee of NOK 10 million related to the loan. The loan from Sparebank 1 has been repaid in full on the 30<sup>th</sup> March 2023 and any securities related to this has been cancelled.

### **ReSource development**

The construction of ReSource Denmark ApS, owned 50/50 by Quantafuel and Eurazeo, sorting plant in Esbjerg, a game-changer for the plastic waste market in Denmark and the country's largest plastic sorting facility, is well under way. 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. The CapEx estimate for the project has increased approximately 20% from the initial budget due to increased safety level of the plant and general market terms such as cost inflation and raw material prices.

The sorting facility will be capable of sorting up to 160,000 tonnes of mixed plastic waste annually into recyclable fractions, and it is expected to be commissioned at the end of 2023. In strong cooperation with ReSource's project team, Rambøll manages the overall engineering and follow-up, whereas contractor Jorton is the project's main entrepreneur and Eggersmann is the supplier of waste sorting treatment equipment. When fully operational, the facility will employ close to 50 full-time employees.



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In December 2022, a feedstock agreement for the annual supply of at least 20,000 tonnes of household plastic waste from Finnish service company Lassila & Tikanoja (L&T) was secured for ReSource Denmark. The agreement has a duration of two years, with a possible extension. For ReSource, the financial terms of the multi-year contract are in accordance with the company's expectations.

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

### **Aalborg facility**

Quantafuel has rented a plot in Aalborg, adjacent to Geminor's Aalborg-site, through a contract with Port of Aalborg, to secure efficient logistics of plastics feedstock to Skive. The facility is operated in close co-operation with Geminor.

### **New prospects**

In December 2021, ENOC Group, DUBAL Holding LLC and Quantafuel signed a Memorandum of Understanding (MoU) to execute a feasibility study regarding the potential of establishing and operating plastic-to-liquid production plants in the United Arab Emirates (UAE). The 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.

Following successful completion of a six-month feasibility study where the main design parameters were defined and the site and feedstock secured, DUBAL Holding, BASF SE and Quantafuel ASA started a front-end engineering and design (FEED) study executed by Saipem for an 80 kt waste plastics to oil facility in Dubai. The agreement between the parties was signed on August 3<sup>rd</sup>, 2022. The potential final investment decision is scheduled for around mid-2023.

We see a strong potential in the UK market and look forward to contributing towards the circular economy and helping improve the UK's plastic recycling rates. The team are working on a portfolio of 4 sites across the UK. We are making progress with our Sunderland project for which planning permission has been received on February 7<sup>th</sup>, 2023 and 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.

### **Research & Development (R&D)**

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, as well as maximizing yield of 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, as well as together with our industrial partners. Throughput and stability have increased, and the products show promising analysis results. Bottlenecks and improvements have been identified, and further improvements of the system to achieve expected reliability are continuously being implemented.



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Testing in 2022 has provided further data for BASF and Quantafuel to evaluate and conclude on the use of this reactor technology in a permanent installation.

In 2022, there have also been positive developments regarding the early-stage research done with NTNU in Trondheim as part of the joint Innovation Hub Chemical Conversion of Waste. For one, the UK patent office has issued a positive opinion on the patentability of Quantafuel's application for our developmental technology that produces hydrogen and liquid fuels from plastics. In addition, the pilot plant for sustainable aviation fuel from biomass is close to completion and we expect to transfer it to Trondheim.

### People and Organisation

The Quantafuel Group as of 31.12.2022 had a total 110 employees whereof 107 full-time, out of which 56 are employed in Quantafuel ASA. In the Company, three employees hold a part time position, by personal choice, one of these holds a full-time position since September 2022. In addition, the Company has one employee in a temporary position to cover for parental leave. Quantafuel employs a high level of engineering and technical personnel, which historically have been dominated by men. The workforce currently consists of 75% male and 25% female in the Group and 70% male and 30% female in the Company.

The sick leave for the Group and Company is low and below 2%.

Quantafuel ASA has a treatment insurance for all employees.

We had two women and 6 men on parental leave in 2022. The average number of weeks for parental leave was 47 for women and 10 for men.

For Quantafuel ASA, excluding executive management, women earned 97% of their male counterparts' average salary in 2022.

Position category	Proportion of women (%)
Extensive management responsibilities	25%
Master`s degree, experience and management responsibilities	19 %
Master`s or Bachelor`s degree and experience	48 %

The table above shows gender balance for employees in the Company separated into three categories based on the position's degree of responsibility and complexity.

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 2022 a total of 19 nationalities were represented in Quantafuel Group among its employees.

We do not tolerate any form of harassment, bullying or discrimination, including but not limited to harassment or discrimination based on gender, race, colour, ethnicity, religion, disability, political views, trade union affiliation, sexual orientation, or marital status. These are important principles that are anchored in the Company's Code of Conduct.



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The current routine for notifying deviations and/or objectional conditions is clearly explained in our Personnel Handbook. We have established routines for notification, which ensures registration and handling of notification cases and protection against retaliation. We want to be open and caring in our relationships with each other. It is everyone's responsibility to contribute to a supportive work environment, based on mutual trust, openness, and respect.

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. We have established routines for maintaining and further developing an inclusive work environment.

Through regular employee consultations, we also ensure an open dialogue between the immediate manager and employee, with a focus on inclusion, work environment and well-being.

At the same time, we want to have an "open door", to ensure that regular conversations are taken throughout the year. During the first quarter of 2022 we have conducted an employee survey and plan to run this once a year going forward. There are quarterly Working Environment Committee (WEC/AMU) meetings in the company, where issues are raised – and followed up. The work environment survey is at a fixed point, but we have had no issues raised during 2022.

The ambition is to have a sustainable work environment that performs at a high level, based on inclusion, and together take advantage of the differences to develop as a company with technology and innovation. We want to show all employees that they are valued for the differences they represent and that they contribute to success.

As part of our systematic work with HSE, we have established strong routines for maintaining and further developing an inclusive work environment.

#### **Insurance for board members and general manager**

The Company has an insurance for the members of the Board of Directors and CEO.

The insurance covers:

- Any claim first made against the insured persons during the period of insurance.
- Defence costs incurred by the insured persons in connection with such claim, and
- Legal representation expenses incurred by the insured persons in connection with an investigation or enquiry first instigated during the period of insurance.

#### **Transparency Act**

Quantafuel has reviewed and included the Norwegian Transparency Act into our policies for Code of Conduct and Supplier Code of conduct. Quantafuel will conduct its business in such a way that suppliers, partners and customers can have trust in us. Suppliers and partners are expected to adhere to ethical standards, which are consistent with the responsibilities of businesses to respect fundamental human rights and safeguard decent working conditions, as well as Quantafuel's ethical requirements.

Quantafuel considers responsible purchasing practices to be one of our most important tools for responsible business conduct. We shall adapt our purchasing practices in order to strengthen, and not undermine, our suppliers' ability to deliver on our requirements related to people, society and the environment. We strive towards lasting supplier relationships with suppliers who show a particular willingness and ability to create positive developments in the supply chain.



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In dialogue with suppliers we will consider, if needed, to contribute with capacity, location or resources that enable our suppliers to comply with Quantafuel's requirements related to responsible business conduct. This way we lay the foundation for collaboration with suppliers that show the willingness and ability to work on positive development for people, society and the environment in the supply chain.

We expect our suppliers and partners to work focused and systematically to comply with our guidelines for suppliers, hereunder our Suppliers' code of conduct, which covers fundamental requirements on human rights, labour rights, anti-corruption, environmental impact, animal welfare and the environment.

Quantafuel is conducting due diligence for responsible business conduct as a part of the procurement and supply chain work. As an integral part of the due diligence, a risk assessment has been carried out. The aim for the risk assessment was to identify and assess the salient risks, potential or factual, related to our activities, covering the entire value chain. The highest risk identified in this process is procurement of components to the pyrolysis plants through supplier(s) in China. Quantafuel is mitigating this risk through physical presence, dialogue, and contractual requirements to the supplier(s). The risk assessment is updated at regular intervals, or upon swift changes in the business landscape.

At the request of our company the supplier must be able to document how they, and potential subcontractors, work to comply with the guidelines. If the supplier, after several requests by Quantafuel, does not show the willingness or ability to comply with the guidelines for suppliers, the contract may be cancelled.

Quantafuel has not discovered any misconduct by our suppliers in 2022.

## **Governance**

Quantafuel shall conduct its business with integrity, respecting the laws, cultures, dignity, and rights of individuals in all of the countries where we operate. The Code of Conduct is the key governing document in Quantafuel. The Code of Conduct guides our behaviour to ensure that we act with the utmost care and absolute integrity.

Board of Directors' Rules of Procedure provides rules to govern the work and procedures of the Board of Directors ("the Board") of Quantafuel ASA within the framework of the Public Limited Companies Act, the Company's Articles of Association, other applicable rules and regulations and the Norwegian Code of Practice for Corporate Governance ("NUES").

The Board represents and is accountable to all shareholders of the Company. The Board has the overriding responsibility for the management of the Company. With the goal of increasing shareholder value for the long term the Board shall, inter alia:

- ensure that the activities of the Company are properly organised;
- approve strategies and plans;
- keep itself informed about the Company's financial position; and
- be obliged to ensure that the operations, accounts, and asset management are subject to adequate control.

The Board shall supervise the Company's day-to-day management and the Company's activities in general and may issue guidelines in this respect. The Board has delegated to the CEO the responsibility for the day-to-day management of the Company's activities, as set out in the separate Rules of Procedure for the CEO.

The Audit Committee, consisting of three Board members, holds regular meetings with the CFO and Head of Accounting.



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For certain topics, the Board of Directors establishes project specific committees that conduct reviews with the administration before Management presents the respective topics to the Board of Directors for approval.

The Company has a Nomination Committee, regulated by the Company's Articles of Association.

In December 2022 – February 2023, the Board conducted a Board evaluation by an external party. The Board will use this evaluation as part of its continuous work. The results and conclusions have also been presented to the Nomination Committee of the Company.

The Board has during 2022 held 12 meetings, with additional two resolutions made by circulation.

## **Risk**

To ensure a robust process of mitigating the risks in the Group, measures are initiated to have a systematic approach to risk handling and mitigation at all levels of the organisation.

### *Covid-19*

The Covid-19 pandemic impacted operations during 2021, but restrictions were lifted during Q1 2022. Any new outbreak of the pandemic can negatively affect our operations and projects by hindering access to internal project resources, equipment suppliers and external resources.

### *Consequences from the war in Ukraine*

The war in Ukraine and sanction policies towards Russia, can have effect on supply, demand and prices of important supplies, material, offtake and services. For instance, gas prices peaked for a period in 2022 due to the shortages in supply and might rise again due to imbalances in supply and demand in Europe. We have seen that gas prices also impact electricity prices and this may have a significant impact on costs for running our plants. We have also seen that plastic feedstock prices can be impacted as sufficiently high electricity prices provide an incentive to incinerate more plastic waste.

### *Project Risk*

The Group's ability to carry out profitable projects is important to meet our growth plans and business goals. Quantafuel is reviewing its project execution model to ensure quality and robustness required for Quantafuel's future projects. The Group is performing lessons-learned processes, and a full project evaluation through a comprehensive process in preparation for a Final Investment Decision is conducted by the company and its partners for any new construction project. Such evaluation includes reviews to ensure the business case is sound and includes confirmations on feedstock and offtake agreements as well as the construction and operations phase of a new plant.

### *Market Risk*

Given that the Skive plant is the first of its kind, there is a risk that the plant, as well as the Kristiansund plant, may require improvements or adjustments which may delay or limit full-scale and/or stable operations, as well as delay development and commencement of operation of future plants. Detailed terms for any offtake from Quantafuel's plants, including from the Skive and Kristiansund plants, are subject to final agreement between the relevant parties. This may include elements such as price, volume and quality of the products. It is emphasised that the price that Quantafuel will receive from the sale of its products may vary from contract to contract and will be exposed to pricing of raw materials.

### *Intellectual Property Risk*

Quantafuel's daily business and business strategy are tied to its technology and know-how. The Group relies on a combination of trade secrets, confidentiality procedures and contractual provisions to protect its



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intellectual property rights. QuantaFuel has registered patents / patent applications and trademarks. The Group cannot give assurances that its measures for preserving the secrecy of its trade secrets and confidentiality information are sufficient to prevent others from obtaining such information.

The industry in which the Group operates sees frequent changes and developments in technology. Such changes and developments can be driven by competitors of the Company with substantially greater resources than those of the Company.

#### *IT and Cyber Risk*

While precautions have been taken, QuantaFuel is exposed to IT and cyber security risk which can among others impact operation, projects, technology and intellectual property.

#### *Liquidity Risk*

The Group has capital commitments relating to existing borrowings, ongoing projects and plants in operation. The Group has a defined growth strategy and will be seeking additional funding as the roll-out of large-scale capacity plants begins, and for future M&A opportunities.

Since its inception, the Company has incurred significant losses, and to date, the Company has financed its operations through inter alia private placements of equity. The Company expects to continue to incur losses until the plants in Skive and Kristiansund are operating at full capacity and the Esbjerg plastic sorting plant has come into operation.

To the extent the Group does not generate sufficient cash from operations, the Company and/or the Group may need to raise additional funds through debt or additional equity financings to execute the Group's growth strategy and to fund capital expenditures. Increased debt funding will expose the Company for more interest risk. Adequate sources of capital funding may not be available when needed or may not be available on favourable terms.

The Group had a liquidity of NOK 121.7 million in bank deposits on 31 December 2022.

#### *Credit Risk*

The Group's credit risk is limited as the Group had limited external sales in 2022. The credit risk is limited to a few and financially robust customers for which the company is in close dialogue with and monitors any overdue receivables closely.

#### *Currency Risk*

The Group has currency risk linked to DKK, EUR, USD and NOK, mainly for the Skive, Esbjerg, and Kristiansund projects/plants. No hedging agreements have been entered into at the moment.

#### *Regulatory Risk*

There is a risk that changes to regulations - regional, national or international - may affect the Company's business.

### **Strategic Review**

The group announced a strategic review in October 2022 to review its options to finance the roll out of its next generation MkII Plastic to liquid plants. Through a thorough process supported by ABG Sundal Collier as advisors, the company has received an offer from Viridor Ltd on the 28<sup>th</sup> February to purchase all shares in the company.



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Viridor confirmed on the 24<sup>th</sup> April that the remaining condition of 90% acceptance level for completing the offer has been waived. A last and final extension to accept the offer has been set at 28<sup>th</sup> April and settlement of the shares accepted is expected on or about 5<sup>th</sup> May 2023. An invitation for an extraordinary general meeting on May 12<sup>th</sup> is sent to all shareholders on the 24<sup>th</sup> April where the intention is that Viridor will assume control of the group.

As part of the agreement with Viridor, QuantaFuel has received a term loan of NOK 250 million to support ongoing Capex commitments for the Esbjerg project, the development of specific projects into an FID phase and running operations, of which a 68 million drawdown has already been made.

### **Cashflow**

The QuantaFuel Group had a net decrease in cash of NOK 163.2 million for the year, while the Company had a net decrease of NOK 143.3 million. The operational cashflow for the Group was negative NOK 355.1 million, and for the Company negative NOK 512.3 million. Cashflow from financing activities for the Group was NOK 194.8 million and for the Company NOK 396.6 million.

Group cash balance as at 31 December 2022 were NOK 121.7 million, of which NOK 2.1 million was restricted cash (employee tax advance account). Group cash balance last year were NOK 284.9 million. Cash balance as at 31 December 2022 for the Company were NOK 100 million.

### **Financial position**

For the full year 2022 operating revenue for the Group was NOK 53.4 million, consisting of NOK 17.8 million relating to operation of Skive Plant, and NOK 16.8 million relating to operation of Kristiansund Plant. NOK 18.8 million relates to various projects in QuantaFuel ASA. Operating revenues last year were NOK 5.1 million.

For the full year 2022 EBITDA was NOK -290.8 million, compared to NOK -166.8 million last year. The shares in Geminor Invest were sold after the balance sheet date on the 20<sup>th</sup> April 2023 for a value of NOK 80 million. This has led to a write-down of NOK 104 million in the 2022 accounts. The sale of the shares in Geminor was a condition in the Offer from Viridor but also a strategic choice to raise capital for the company.

Profit after tax for 2022 was NOK -384.4 million compared with NOK -3.8 million last year. Net financial items in 2022 were NOK 19.2 million, while last year's financial income (NOK 193.4 million) had a significant positive impact from a convertible loan.

For the Group, equity was NOK 1,078.5 million as at 31.12.22 corresponding to a book equity ratio of 73%. Equity increased by NOK 10 million during the year following issuance of shares relating to the following activities;

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. KIRKBI Invest A/S, a company closely related to Board member Kasper Trebbien, was allocated 4,000,000 shares in the Private Placement.

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.



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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 31 December 2022 was NOK 1,658,285.13 divided by 165,828,513 shares, each with a par value of NOK 0.01.

Total non-current assets at the end of year 2022 was NOK 1,309.4 million, up from 1,151.7 million, mainly due to an increase of non-current deposits in QF Denmark, QF ASA and QF Aalborg of NOK 181.8 million, NOK 22.7 million and NOK 9.9 million respectively.

Cash and cash equivalents for the Company at 31.12.22 were NOK 100.0 million and EBITDA was NOK 113.0 million.

The Company had an equity of NOK 1,130.3 million as at 31.12.22, corresponding to a book equity ratio of 94%. Equity increased by NOK 198.8 million during 2022.

In the Board's opinion, the information in the financial statements gives a true and fair view of the company's assets, debt and financial situation.

### **Going concern**

Based on the implemented industrial, operational and financial strategy, it is the opinion of the Board that Quantafuel has good prospects of profitable operation and growth going forward.

In accordance with the Accounting Act § 3-3a, the Board confirms that the Financial Statements have been prepared under the assumption of going concern.

### **Allocation of the result**

The Company's net loss for the year was NOK 214.2 million, which the Board recommends being transferred from other equity.

In Quantafuel ASA the loss for the year NOK 214.2 million

### **Outlook**

Following Proof-of-Concept for our Plastics-to-Liquid plant in Skive, focus remains on ramping up and achieving stable production in the plant. The construction of the Esbjerg waste plastics sorting plant is progressing on schedule and commissioning is planned for the end of 2023 with operations planned from early 2024. Focus is now both on delivering according to plan in the project phase and at the same time building up an organisation to operate the plant when ready. Further, in our Kristiansund plant we are working on increasing volumes through improving sourcing of feedstock together with local partners and suppliers.

We are preparing the development project in Dubai for an FID decision based on the completed MkII FEED study and similarly in Sunderland where the local council has granted a planning permission for a PtL plant with a connected pre-sorting facility.

The Board of Directors fully supports 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.



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Quantafuel is discussing the roll-out of large-scale capacity plants with both existing and potential new partners. Quantafuel notices a rapidly growing interest from major players across Europe that might lead to new partnerships and FEED studies for integrated plants going forward.

The market remains positive for Quantafuel's products, with prices for related products 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.

The Board would like to thank all employees for their hard work, making plastics circular through Quantafuel's plants and industrial solutions.



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The Board of Directors Quantafuel  
ASA  
Oslo, 27 April 2023

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Ann-Christin Andersen  
Chairperson of the Board

---

Petter Dragesund  
Deputy Chair

---

Maximilian Walter  
Board member

---

Wenche Teigland  
Board member

---

Anette Knoph Lerø  
Board member

---

Majken Margrethe Smith  
Board member

---

Kasper Bech Trebbien  
Board member

---

Thorleif Enger  
Board member

---

Lars Rosenløv Jensen  
CEO



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# List of Signatures

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## 2022 Quantafuel Financial Statements.pdf

Name	Method	Signed at
Andersen, Ann-Christin Gjerdseth	BANKID	2023-04-27 17:40 GMT+02
Smith, M Margrethe	BANKID	2023-04-27 17:34 GMT+02
Maximilian Walter	One-Time-Password	2023-04-27 17:18 GMT+02
Rosenløv Jensen, Lars	BANKID	2023-04-27 16:59 GMT+02
Dragesund, Petter	BANKID_MOBILE	2023-04-27 16:58 GMT+02
Kasper Bech Trebbien	NEMID	2023-04-27 19:57 GMT+02
Enger, Thorleif	BANKID	2023-04-27 19:49 GMT+02
Teigland, Wenche	BANKID	2023-04-27 19:44 GMT+02
Lerø, Anette Knoph	BANKID	2023-04-27 18:30 GMT+02



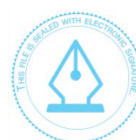
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Quantafuel Group

Consolidated financial statements

31 December 2022



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**QUANTAFUEL ASA**  
**CONSOLIDATED INCOME STATEMENT**  
**1 JANUARY - 31 DECEMBER**

(Amounts in NOK thousands)	Note	2022 Group	2021 Group
<b>Operating revenue</b>	<b>4</b>	<b>53,444</b>	<b>5,161</b>
Share of net income in equity-accounted investees		-101,392	3,954
Cost of materials	23	92,504	55,854
Salaries and personnel costs	7,8,9	114,612	67,133
Depreciation and amortisation	13,14	54,152	20,061
Other operating expenses	10	87,744	52,951
<b>Operating profit (loss)</b>		<b>-396,961</b>	<b>-186,885</b>
Finance income		33,737	1,012
Finance expense		-14,506	-12,911
Finance items convertible loan		-	205,302
<b>Net financial items</b>	<b>11</b>	<b>19,231</b>	<b>193,403</b>
<b>Profit (loss) before tax</b>		<b>-377,730</b>	<b>6,518</b>
Income tax expense	12	-6,708	-10,401
<b>Profit (loss) for the period</b>		<b>-384,439</b>	<b>-3,883</b>
<b>Attributable to:</b>			
Equity holders of the parent		-384,439	-3,883
Non-controlling interest		-	-
Earnings per share, ordinary		-2.35	-0.03
Earnings per share, diluted		-2.35	-0.03

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

	Note	2022 Group	2021 Group
<b>Profit for the period</b>		-384,439	-3,883
Translation differences, net		2,133	2,184
<b>Total comprehensive profit (loss)</b>		<b>-382,306</b>	<b>-1,699</b>
<b>Attributable to:</b>			
Equity holders of the parent		-382,306	-1,699
Non-controlling interest		-	-



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

(Amounts in NOK thousands)	NOTE	2022 Group	2021 Group
<b>ASSETS</b>			
Deferred tax asset	12	18,982	21,300
Goodwill	13, 14	54,085	54,085
Other intangible assets	13	195,160	32,537
Property plant and equipment	14, 15	564,728	771,134
Right-of-use asset	21	92,933	93,139
Equity-accounted investees	25	161,148	171,806
Other non-current assets	16	222,339	7,652
<b>Total non-current assets</b>		<b>1,309,375</b>	<b>1,151,653</b>
Inventory	16, 23	14,873	5,783
Accounts receivable	16, 17	30,233	18,120
Other receivables	16, 17	5,463	21,395
Assets held for sale	15	-	18,318
Cash and cash equivalents	18	121,667	284,903
<b>Total current assets</b>		<b>172,235</b>	<b>348,518</b>
<b>Total assets</b>		<b>1,481,610</b>	<b>1,500,171</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	19	1,658	1,490
Share premium		2,290,890	1,888,030
Other paid-in capital		27,217	18,453
Retained earnings		-1,241,298	-839,493
<b>Equity attributable to the owners of the parent</b>		<b>1,078,467</b>	<b>1,068,479</b>
Non-controlling interests		-	-
<b>Total equity</b>		<b>1,078,467</b>	<b>1,068,479</b>
Deferred tax liabilities	12	128,145	124,740
Non-current interest bearing liabilities	16. 17	72,588	86,757
Long-term leasing liability	16. 22	93,157	92,214
Other non-current liabilities		4,937	-
<b>Total non-current liabilities</b>		<b>298,828</b>	<b>303,711</b>
Current interest bearing liabilities	16	18,385	17,848
Tax payable	12	-	450
Short-term leasing liability	22	9,710	7,555
Accounts payable	16	29,050	44,442
Other current liabilities	21	47,170	57,685
<b>Total current liabilities</b>		<b>104,315</b>	<b>127,981</b>
<b>Total equity and liabilities</b>		<b>1,481,610</b>	<b>1,500,171</b>



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Oslo, 27 April 2023

**Thorleif Enger**

Board member

**Ann-Christin Andersen**

Chairperson of the Board

**Maximilian Walter**

Board member

**Wenche Teigland**

Board member

**Anette Knoph Lerø**

Board member

**Majken Margrethe Smith**

Board member

**Kasper Bech Trebbien**

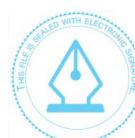
Board member

**Petter Dragsund**

Board member

**Lars Rosenløv Jensen**

CEO



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QUANTAFUEL ASA  
CONSOLIDATED STATEMENT OF CASH FLOWS  
1 JANUARY - 31 DECEMBER

(Amounts in NOK thousands)	Note	2022 Group	2021 Group
<b>Profit (loss) for the period, before tax</b>		<b>-377,730</b>	<b>6,518</b>
Depreciation and amortisation		54,152	20,061
Income taxes paid		-448	-
Net income from equity accounted investees		101,392	-3,954
Share-based payment expense		8,764	11,404
Net financial items		-19,231	-193,403
Payment of financial obligations		-5,000	-
Increase/(decrease) in inventory		-9,090	-2,565
Increase/(decrease) in net accounts receivable¹		-12,113	-14,760
Increase/(decrease) in accounts payable		-15,392	-9,496
Changes in working capital and other accruals		-80,375	-24,351
<b>Cash flows from operating activities</b>		<b>-355,072</b>	<b>-210,547</b>
Purchase of property, plant and equipment		-79,925	-194,173
Sales of property, plant and equipment		73,069	-
Purchase of intangible asset		115	-2,087
Sales of shares		-	-4,260
Dividend		-	4,000
Increase/(decrease) in other non-current assets		-	-14
Interest income received		3,789	1,012
<b>Cash flows from investment activities</b>		<b>-2,952</b>	<b>-195,523</b>
Proceeds from issue of shares		404,544	3,157
Issue of Loans		-171,303	-
Payment of borrowings		-17,962	12,830
Payment of lease liabilities		-16,561	-12,129
Interest expenses paid		-3,932	-5,108
<b>Cash flows from financing activities</b>		<b>194,788</b>	<b>-1,250</b>
<b>Net change in cash and cash equivalents</b>		<b>-163,236</b>	<b>-407,320</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>284,903</b>	<b>692,223</b>
<b>Cash at cash equivalents at end of period Group</b>		<b>121,667</b>	<b>284,903</b>



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

(Amounts in NOK thousands)	Share capital	Share premium	Other Paid-in capital	Retained earnings	currency translation reserve	Total	Non-controlling interests	Total equity
<b>Equity at 31 December 2020</b>	<b>1,358</b>	<b>1,373,496</b>	<b>-</b>	<b>-802,593</b>	<b>-</b>	<b>572,261</b>	<b>81,726</b>	<b>653,987</b>
Profit (loss)	-	-	-	-3,883	-	-3,883	-	-3,883
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-3,883</b>	<b>-</b>	<b>-3,883</b>	<b>-</b>	<b>-3,883</b>
Translation differences, net	-	-	-	2,184	-	2,184	-	2,184
<b>Total OCI</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-1,699</b>	<b>-</b>	<b>-1,699</b>	<b>-</b>	<b>-1,699</b>
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
<b>Equity at 31 December 2021</b>	<b>1,490</b>	<b>1,906,483</b>	<b>-</b>	<b>-839,493</b>	<b>-</b>	<b>1,068,479</b>	<b>-</b>	<b>1,068,479</b>
Reclassification of Share-based payment	-	-18,453	18,453	-	-	-	-	-
Reclassification of translation differences from prev. years	-	-	-	-3,930	3,930	-	-	-
<b>Restated Equity as at 1 January 2022</b>	<b>1,490</b>	<b>1,888,030</b>	<b>18,453</b>	<b>-843,423</b>	<b>3,930</b>	<b>1,068,479</b>	<b>-</b>	<b>1,068,479</b>
Profit (loss)	-	-	-	-384,439	-	-384,439	-	-384,439
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-384,439</b>	<b>-</b>	<b>-384,439</b>	<b>-</b>	<b>-384,439</b>
Translation differences, net	-	-	-	-	2,133	2,133	-	2,133
<b>Total OCI</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-384,439</b>	<b>2,133</b>	<b>-382,306</b>	<b>-</b>	<b>-382,306</b>
Increase in share capital	168	416,011	-	-19,500	-	396,679	-	396,679
Transaction cost related to Share capital increases	-	-13,150	-	-	-	-13,150	-	-13,150
Share-based payments	-	-	8,764	-	-	8,764	-	8,764
<b>Equity at 31 December 2022</b>	<b>1,658</b>	<b>2,290,890</b>	<b>27,217</b>	<b>-1,243,431</b>	<b>2,133</b>	<b>1,078,467</b>	<b>-</b>	<b>1,078,467</b>



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## QUANTAFUEL ASA - Notes to the consolidated financial statements for 2022

(All amounts stated in tables in NOK thousands unless otherwise stated)

### Note 1 General information

The consolidated financial statements ('the Statements') of Quantafuel ASA ('the Company') and its subsidiaries ('the Group') for the year ended 31 December 2022 were authorised for issue by the Board of Directors at their meeting on 27 April 2023.

Quantafuel ASA was formed in 2014 and is a Norwegian limited liability 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.

### Note 2 Significant accounting policies

The most significant accounting principles used by the Group are described below. The principles have been applied consistently to all periods presented, unless otherwise stated.

#### 2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as approved by the EU.

The consolidated financial statements have been prepared based on the historical cost principle, with the exception of the following:

- Employee share options at fair value
- Investment in Associate at equity method
- Convertible loan, conversion right, at fair value through profit or loss

The consolidated financial statements have been prepared on the basis of uniform accounting principles for similar transactions and events under otherwise similar circumstances.

#### 2.2 Basis of consolidation

The consolidated financial statements comprise the Company and its subsidiaries at 31 December 2022. The Group controls an entity where the Group is exposed to, or has right to, variable returns from its involvement with the entity and could affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. A change in the ownership of a subsidiary, without loss of control, is accounted for as an equity transaction. Subsidiaries are deconsolidated from the date that control ceases, and any gain or loss is recognised in the income statement.

All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full upon consolidation. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's policies.



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## 2.3 Summary of significant accounting policies

### a. Business combinations and goodwill

The acquisition method of accounting is used to account for business combinations. The cost of an acquisition is measured as the fair value of the aggregate consideration transferred and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests at fair value or at the proportionate share of the acquiree's net assets.

Acquisition related costs are expensed as incurred and included in other operating expenses.

The excess of the consideration transferred, amounts of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net assets, the difference is recognised directly in the income statement as a bargain purchase.

After initial recognition, goodwill is measured at cost less any impairment losses.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes to fair value recognised in the income statement.

### b. Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on a current/non-current classification.

An asset is current when it is expected to be realised, intended to be sold or consumed within the operating cycle, expected to be realised within twelve months after the reporting period, or is cash or cash equivalent unless restricted for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when it is expected to be settled within the operating cycle, is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The terms of a liability that could, at the option of the counterparty, result in settlement by the issue of equity instruments do not affect its classification. All other liabilities are classified as non-current.

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



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#### c. Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets, at fair value at each balance sheet date. 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.

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 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

#### d. Revenue from contracts with customers

The Group is in the business of converting plastic waste into environmentally friendly fuel and chemicals. Revenue from contracts with customers is recognised when control of goods and services is transferred to the customer at an amount that reflects the consideration the Group expects to be entitled to.

##### *Sale of chemicals and products*

Revenue from sale of chemicals and products is recognised at the point in time when control of the asset is transferred to the customer, which in general is upon delivery at the customer's location.

The Group considers whether there are other promises in the contract that are separate performance obligations that should be allocated a portion of the transaction price. In determining the transaction price, the Group considers the effect of variable consideration, existence of significant financing component, noncash consideration, and consideration payable to the customer.

#### e. Government grants

Government grants are recognised when there is a reasonable assurance that the grant will be received, and all conditions are complied with. When the grant relates to an expense item, it is recognised as other income on a systematic basis over the period that the related costs are expensed. When the grant is related to an asset it reduces the carrying amount of the asset.

The Group has one SkatteFunn tax incentive scheme approved for 2021. This is partly booked according to the gross method and presented as a liability and the provision (deferred income recognition) is reduced in line with depreciation, and partly as a reduction of others operating costs.



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## f. Taxes

### *Current income tax*

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities and calculated on the basis of tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group operates.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. The Company periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, based on amounts expected to be paid to the tax authorities.

### *Deferred tax*

Deferred tax is provided in full, using the liability method on temporary differences at the reporting date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill or from an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor the taxable profit (loss).

Deferred tax assets are recognised on carry forward of unused tax credits and unused tax losses if it is probable that taxable profit will be available for use against these credits or losses. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced if it is not probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group offsets deferred tax assets and liabilities only if it has a legally enforceable right to set off or intend to realise assets and settle liabilities simultaneously in each future period.

## g. Foreign currencies

The Group's consolidated financial statements are presented in Norwegian kroner, which is the parent company's functional currency. For each entity the Group determines the functional currency and measures the entity's items in that currency.

Transactions in foreign currency is initially recorded at the entities respective functional currency spot rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate at the reporting date.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

On consolidation, the assets and liabilities of foreign operations are translated into Norwegian kroner at the rate of exchange prevailing at the reporting date and their Income Statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income ("OCI"). On disposal of a foreign operation, the component of OCI relating to that foreign operation is reclassified to profit or loss.



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#### h. Property, plant and equipment

Construction in progress is stated at cost, net of accumulated impairment losses, if any. Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

- Property and plant 15 to 50 years
- Machinery and equipment 3 to 10 years

#### i. Leases

The Group has lease contracts for land and buildings related to its processing plant in Denmark and Norway, its head office in Norway and to various items of machinery, vehicles, and other equipment.

The Group assesses at contract inception whether a contract is, or contains, a lease. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Property and plant 3-15 years
- Machinery and equipment 5-15 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date where the interest rate implicit in the lease is not readily determinable. This is the case for the lease agreements relating to property and plant. For Machinery and equipment, the implicit interest rate set in the agreement is used, when stated. To determine the incremental borrowing rate the Group, where possible, uses its recent third-party financing for the contracting entity as a starting point.



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The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Long-term or Short-term leasing liabilities.

The Group implemented IFRS 16 *Leases* from 1 January 2019.

#### j. Intangible assets

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 at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. 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.

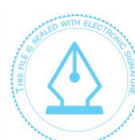
Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset is included in the Income Statement.

Research costs are expensed as incurred. Development costs are assessed on an individual Project basis, meaning that these expenditures are recognised as an intangible asset when the Group 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 and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.



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## k. Financial Instruments

Financial assets are classified at initial recognition, and subsequently measured at amortised cost, fair value through OCI and fair value through profit (loss).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

### *Financial assets at amortised cost (debt instruments)*

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables.

### *Impairment*

The Group recognises an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

### *Financial liabilities*

#### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.



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### *Subsequent measurement*

For purposes of subsequent measurement, financial liabilities are classified in one of two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

### *Derivative financial instruments and financial liabilities at amortised cost (loans and borrowings)*

For 2020 the Group had a loan that was convertible into shares of the parent company. The conversion right was an embedded derivative and was classified as a liability and subsequently measured at fair value through profit or loss. The liability component was also classified as a liability and subsequently measured at amortised cost. In 2021 this loan was converted into shares.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by considering 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 Income Statement.

### *Hedge accounting*

The Group has no financial instruments for the purpose of hedging.

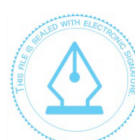
## I. Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. Such reversal is recognised in the Income Statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December at the CGU level and when circumstances indicate that the carrying value may be impaired.



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m. Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

n. Provisions

General Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the Income Statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

o. *Onerous contracts*

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract. An onerous contract is a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The Company has an onerous contract in relation to the sale of the plant to its subsidiary Quantafuel Skive ApS. Refer to note 14 in the parent company financial statements.

p. Post-employment benefits - Defined Contribution plans

Post-employment benefits are recognized in accordance with IAS 19 Employee Benefits. The cost of providing pension benefits under a defined benefit plan is determined separately for each plan using the projected unit credit method. Past service costs are recognized immediately in the income statement. The interest component of the periodic cost is included in Finance expense. Remeasurement gains and losses are recognized in Other comprehensive income. Contributions to defined contribution plans are recognized in the income statement in the period in which they accrue. Multiemployer defined benefit plans where available information is insufficient to use defined benefit accounting are accounted for as if the plan were a defined contribution plan.



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#### q. Share-based payments

Employees (including senior executives) and Board members of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The Group can decide whether to settle the instruments in cash or equity but has no policy and past practice to settle in cash, and the instruments are treated as equity-settled transactions.

#### *Equity-settled transactions*

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised in employee benefits expense, together with a corresponding increase in equity (other paid in capital), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the Income Statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

#### r. Inventories

Inventories are recognised at the lowest of cost or net selling price. The net selling price is the estimated selling price in the case of ordinary operations minus the estimated completion, marketing and distribution costs. The cost is arrived at using the FIFO method and includes the costs incurred in acquiring the goods and the costs of bringing the goods to their current state and location. In-house produced goods include variable costs and fixed costs that can be allocated based on normal capacity utilisation.

## 2.4 Changes in accounting policies and disclosures

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.



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### Note 3 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires the Company to make judgements, estimates and assumptions that may affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Capital management Note 5
- Financial instruments risk management and policies
- Sensitivity analyses disclosures

#### Judgements

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

##### *Determining future cash flows from the production plant in operation – Quantafuel Skive*

The Group's production plant in Denmark is as of 31.12.2022 in operation. When estimating future cash flows, for use in impairment testing, the Group makes judgement about the production capacity and volume of the plant, the sales prices that will be obtained from customers and the production costs of the plant.

#### Valuation

The WACC is estimated at 12%, which is a significant increase from the valuation done last year, where the WACC was at 7.5%. This may have a significant impact as the valuation is sensitive to the applied discount rate. The WACC increases mainly due to the Risk-free rate and the Market risk premiums increasing due to higher uncertainty globally with increasing interest rates in parallel with a sharp increase of inflations globally in the last year.

Although 2022 was a more challenging year than anticipated at the start of the year for Quantafuel Skive, the trend has continued to develop positively with more stable production and less unplanned down-time. The expectation is that this will continue through 2023 and that utilization of the plant will continue improving and gradually also the oil yield as this is also linked to stability in production. We foresee that the yield should be at ca 60% in 2023 and improve to 65% in 2024 before stabilizing around or above 70% for Skive from 2025 onwards. The output volumes are expected to similarly gradually improve from ca 7 k tons in 2023, to ca 10 k tons in 2024, 11 k tons in 2025, 13 k tons in 2026 before stabilizing at ca 14 k tons from 2027 onwards.

We have done an analysis of discounted future cashflows. The model uses the offtake price agreed with BASF for the next years, but from 2026 onwards, we have set a price at 1500 USD/tons with an inflation adjustment of 2.5% annually. Based on expected increased demand for pyrolysis oil from 2025 due to stricter regulation on mixing in renewable feedstock in the petrochemical industry, we estimate this to be a fair and conservative price.

With reference to the above indicators, we estimate the NPV of the Skive plant to be ca USD 52 million or approximately NOK 520 million. Based on this, the company does not foresee the need for an impairment of the balance sheet value recorded as PPE related to the Skive plant.



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If the offtake price from 2026 onwards is reduced to 1400 USD/t, then NPV is ca USD 45 million or if it is 1600 USD/t, then NPV becomes USD 59 million. If the WACC is set at 10%, then NPV is USD 75 million or if it is 14%, then NPV becomes USD 37 million. If WACC is set at 10%, then the offtake price can drop to 1200 USD/t and still be above the NOK 456.4 million valuation in the balance sheet.

#### *Determining the lease term of contract with renewal options*

The Group's has a 15-year lease contract related to land and buildings in connection with the production plant in Denmark. After the initial 15-year lease period, starting 2019, the Group has an option to extend the lease period by additional 15 years.

#### *Determining Goodwill Quantafuel Kristiansund AS*

Goodwill in Quantafuel Kristiansund AS is calculated as the fair value of the purchase price at the time of the acquisition less the fair value of the acquired company's identified assets, liabilities and contingent liabilities.

#### **Valuation**

The WACC is estimated at 12%, which is a significant increase from the valuation done last year, where the WACC was at 7.5%. This may have a significant impact as the valuation is sensitive to the applied discount rate. The WACC increases mainly due to the Risk-free rate and the Market risk premiums increasing due to higher uncertainty globally with increasing interest rates in parallel with a sharp increase of inflations globally in the last year.

Although 2022 was a more challenging year than anticipated, heavily impacted by the limitation in available feedstock, we see initiatives in development, mentioned above, which will significantly improve the feedstock limitation in Kristiansund. We expect the two initiatives in addition to our current initiatives to be able to source 800 tons of plastic by May 2023.

While feedstock has restricted full utilization of the plant, the plant in Kristiansund achieves good production results and the quality of our products is good. We see great demand and interest in our products with shipments being sent to Norwegian and European customers. Price levels are attractive and as production volumes have increased and our customers have experienced the quality in our products, we have been able to negotiate even higher prices today than achieved last year.

Our valuation of the company has been calculated using the discounted cash flow model, we estimate the NPV of the Quantafuel Kristiansund plant to be approx. USD 14 million or NOK 139 million. Based on the NPV estimated in our financial model, we have calculated the need for impairment on goodwill in the consolidated numbers and for the book value of the shares in the balance sheet of Quantafuel ASA. See calculations below:



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## Impairment test of book value of shares in Quantafuel Kristiansund (Quantafuel ASA):

<b>Enterprise Value</b>	<b>139 213</b>
Net debt	-30 345
Debt	-31 687
Cash & cash equivalent	1 342
<b>Equity value</b>	<b>108 868</b>
Book value of shares	147 959
<b>Added value/Lesser value</b>	<b>-39 091</b>

### *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.

Please refer to note 9 for options and note 22 for leases. The estimate changes were recognised through profit and loss.

### *Impairment of non-financial assets*

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to the valuation of the Group's production plant and intangibles with indefinite useful lives. The key assumptions used to determine the recoverable amount are disclosed and further explained in Note 15.

### *Share-based payments*

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The Group initially measures the cost of cash-settled transactions with employees using a Black Scholes model to determine the fair value of the liability incurred. For cash-settled share-based payment transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in profit or loss. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 9.



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## *Taxes*

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. Significant Company judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

## *Development costs*

The Group capitalises certain costs for product development projects. Initial capitalisation of costs is based on the Company's judgement that technological and economic feasibility is confirmed, usually when a product Research & Development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, the Company makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. On 31 December 2022, the carrying amount of capitalised development costs was NOK 19.8 million (2021: NOK 19.8 million).

## *Leases – Estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates. A change in the IBR used in the calculation of 1% would change the right-of-use asset and lease liability at implementation with approximately 4%.

## **Note 4 Revenue**

	<b>2022 Group</b>	<b>2021 Group</b>
Revenue from contracts with customers	49,223	4,456
Other revenue	4,220	705
<b>Total revenue</b>	<b>53,444</b>	<b>5,161</b>

Revenue from contracts with customers consists of NOK 12.9 (2.0) million revenue from the operations in Quantafuel Kristiansund AS, NOK 17.8 (0.8) million revenue from the operations in Quantafuel Skive Aps, NOK 18.6 (1.6) million revenue from Quantafuel ASA, whereof NOK 1.12 million relating to Grønt Punkt Norge project, which contract is for up to 10,000 tons of plastic.

Other revenue in 2022 consists of NOK 4 million from Avfall Norge, waste project and NOK 0.22 (0.44) million relating to external services.

Please refer to note 20 for further information regarding grants.



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## Note 5 Capital structure

(Amounts in NOK thousands)	2022 Group	2021 Group
Interest-bearing liabilities	198 777	204 375
Trade and other payables	76 220	102 127
Other non-current		
Less: Cash and cash equivalents	-121 667	-284 903
<b>Net debt</b>	<b>153 330</b>	<b>21 599</b>
<b>Total equity</b>	<b>1 078 467</b>	<b>1 068 479</b>
<b>Capital and net debt</b>	<b>1 231 797</b>	<b>1 090 078</b>
Equity ratio	87,55 %	98,02 %

Total equity includes issued share capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the capital management is to provide a predictable basis for the development of the Group's technology, successful operation of the first commercial plant and thereby over time maximise the shareholder value.

The Group manages its capital structure and adjusts considering changes in economic conditions, and the requirements of the financial covenants and liquidity. The Group monitors capital by gearing ratio and on key financial figures, including among others net debt, interest bearing loans and borrowings, trade and other payables, less cash, and short-term deposits.

## Note 6 Subsidiary information

(Amounts in NOK thousands)

Name	Principal activities	Country	Ownership 2022	Ownership 2021
Quantafuel Skive ApS	Production	Denmark	100%	100%
Quantafuel Oslo AS	Dormant	Norway	100%	100%
Quantafuel Sweden AB	Active	Sweden	100%	100%
Quantafuel AB	Dormant	Sweden	100%	100%
Quantafuel UK Ltd	Active	UK	100%	100%
Next Gen Energy S.A. de C.V.	Dormant	Mexico	50%	50%
Quantafuel Kristiansund AS	Production	Norway	100%	100%
Quantafuel Sunderland Ltd	Active	UK	100%	100%
Quantafuel Cheshire Ltd	Active	UK	100%	100%
Quantafuel Denmark Aps	Active	Denmark	100%	100%
Quantafuel Aalborg Aps	Active	Denmark	100%	100%
Resource Denmark Aps	Active	Denmark	50%	100%

Quantafuel ASA is entitled to receive dividends in proportion to their shareholdings.

In late March 2022 Quantafuel Skive ApS (QF Skive) could report that the first Plastic to Liquid (PtL) plant in Skive, Denmark operated stably at high capacity after more than seven days of continuous operation. Thus, this plant was finally completed after a construction period since 20. Quantafuel ASA has committed to



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deliver the PTL plant to Quantafuel Skive Aps, with additional investments locally in infrastructure. Quantafuel ASA holds 100% of the shares in QF Skive (2021: 100 %).

Quantafuel Kristiansund (QF KrSund) works to improve qualities of recycled plastic in mechanical technology at the plant in Kristiansund, Norway. Quantafuel's chemical recycling technology is complementary with mechanical recycling solutions and has the capability of processing post-consumer fractions that until now have been difficult or impossible to recycle. By combining these two technologies in one production facility, Quantafuel will secure the most efficient and highest possible recycling rate, and the supply and control of feedstock for a new chemical recycling plant in Norway. Quantafuel ASA holds 100 % of the shares in QF KrSund.

On 12 July 2022 Quantafuel Group, through Quantafuel Denmark ApS, sold 50% of the shares in Quantafuel Esbjerg ApS (now: Resource Denmark ApS) to Eurazeo. Eurazeo has committed a total of EUR 40 million to the project. The transaction has not triggered any financial gain or loss for Quantafuel Group, as all the assets and resources that were transferred were acquired at cost price.

Resource Denmark Aps will therefore no longer be part of the consolidated Quantafuel Group, but recognised as an Equity-accounted investee along with Geminor Invest AS. Going forward Resource Denmark ApS will operate as a Joint Venture, equally owned and controlled by Eurazeo and Quantafuel Group respectively. This investment is now regarded as a pure investment in a recycling of plastic plant. Please refer to note 25 for the calculation of the booked value of this investment.

In regard to this transaction with Eurazeo, Quantafuel Denmark issued a customary guarantee related to the operations carried out by Resource Denmark ApS. In addition, Quantafuel Denmark ApS and Eurazeo entered into a shareholder's agreement, committing the former to providing the necessary financing of Resource Denmark ApS, in the form of equity capital and shareholder's loan, totalling DKK 297.6 million. As per December 31, 2022, the remaining obligation amounts to DKK 120.5 million.

If Quantafuel Denmark defaults on its financing obligations under the shareholder's agreement, Eurozeo will be entitled to buy their share at the lowest of market value and cost, minus 50 %.

As Quantafuel ASA has guaranteed for all the obligations committed by Quantafuel Denmark ApS, the former has provided a guarantee to Rambøll, amounting to NOK 10 million.

As per end of December 2022, Quantafuel AS holds 40 % of the shares in Geminor invest AS. On 17 April 2023, Quantafuel agreed to sell these shares back to the founders of Geminor Invest AS. The agreed price for all the shares amounted to MNOK 80. Please refer to note 25 for more details.



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## Note 7 Salary and Personnel Expenses

(Amounts in NOK thousands)

	2022	2021
	Group	Group
Salaries	98 498	75 542
Pension expenses	7 283	5 503
Social security taxes	11 391	11 146
Share-based payments	8 763	11 404
Accrued social security taxes for share-based payments	-13 949	-16 908
Other benefits	4 018	4 304
Salary costs classified as project cost	-1 392	-23 858
<b>Total</b>	<b>114 612</b>	<b>67 133</b>
<b>Full time equivalent employees</b>	<b>107</b>	<b>82</b>

The Group has pension contribution plans covering all employees. The plans comply with the legal requirements in the countries where the Group operates.



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## Note 8 Board and Executive Personnel

### Compensation to executive personnel

Salary and other remuneration to executive personnel in 2022:

Name and position	Basic salary	Bonus paid	Other remuneration	Pension expenses	Share option expense	Total
Lars Rosenløv Jensen, CEO	2,887	10	500	92	1,690	5,179
Christian B. Nilsen from 1 October	531	-	3	20	120	674
Kristian Flaten, CFO until 1 October	1,822	10	13	92	-96	1,841
Terje U. Eiken, COO	2,169	10	14	92	892	3,177
Christian Lach, CCO	2,823	10	13	92	1,226	4,164

Former CFO has a Severance agreement of 10 months Base Salary, amounting to a total of NOK 1,5 million, whereof NOK 1.5 million is remaining as of 31.12.2022. This will be paid out on a monthly basis in 2023.

The CEO has a notice period of 4 months and a Severance period of 9 months. During the notice period, the CEO receives payment of salary and other remuneration, whereas in the severance period, the payment is set as the base salary at the time of termination.

The CCO has a notice period of 4 months. If the agreement is terminated within the first three years, starting April 2021, the CCO will be paid for the full three year, unless it is the CCO that terminates the agreement.

Salary and other remuneration to executive personnel in 2021:

Name and position	Basic salary	Bonus paid	Other remuneration	Pension expenses	Share option expense	Total
Lars Rosenløv Jensen, CEO from 1 Nov	500	-	-	17	278	795
Kjetil Bhøn, CEO until 1 July	2,061	-	-	72	398	2,531
Kristian Flaten, CFO	1,713	-	-	78	251	2,042
Terje U. Eiken, COO	2,028	-	-	80	1,101	3,209
Christian Lach, CCO from 15 April	1,942	-	-	58	1,182	3,182

No bonus was paid in 2021.

Former CEO has a Severance agreement of 13 months Base Salary, amounting to a total of NOK 2.2 million, whereof NOK 1.2 million is remaining as of 31.12.2021.

The CEO has a notice period of 4 months and a Severance period of 9 months. During the notice period, the CEO receives payment of salary and other remuneration, whereas in the severance period, the payment is set as the base salary at the time of termination.

The CCO has a notice period of 4 months. If the agreement is terminated within the first three years, starting April 2021, the CCO will be paid for the full three year, unless it is the CCO that terminates the agreement.



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## Compensation to the Board of directors

Remuneration to the Board members is shown below and vary due to length of service and role:

(Amounts in NOK thousands)

COMPENSATION TO BOARD OF DIRECTORS	2022	2021
Ann-Christin Gjerdseth Andersen	400	275
Oscar Spieler (from 5 June 2018 to 31 December 2021)	183	400
Petter Dragesund (Deputy head) (from 27.5.2022)	-	-
Thorleif Enger (from 27 June 2018)	200	200
Jim Dåtland (from 21 June 2019 to 28 May 2021 )	-	235
Maximilian Walter (from 7 October 2019)	-	-
Wenche Teigland (from 12 June 2020)	200	200
Wenche Nistad (from 12 June 2020 to 28 May 2021)	-	200
Majken Margrethe Smith (from 28 May 2021)	235	-
Kasper Trebbien (from 3 July 2020)	-	-
Ragnar Sjøegaard (from 22 September 2015 until 3 July 2020)	25	25
Bård Mikkelsen (from 22 September 2015 until 21 June 2019)	-	35
Beate Hamre Deck	25	25
Berit Koppervik (Employee's representative)	65	-
<b>Sub total</b>	<b>1,333</b>	<b>1,595</b>

The figures include paid compensation for Board members, which normally is determined at the ordinary general meeting. Maximilian Walter and Kasper Trebbien do not receive Board compensation due to policy from their respective employers; BASF and KIRKBI.

The compensation to Majken Margrethe Smith includes both the board remuneration and remuneration from the Audit committee, of which Majken is the leader of.



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## Note 9 Share-based payment

Share options of the parent company are granted to Board members, management and other selected employees. The Group has two option programs:

1. Options granted prior to 1 June 2019, which vest at grant date, and has an exercise period of 3 years.
2. Options granted after 1 June 2019, which vest over 3 years, with 1/3 vesting at the end of 12 months, 1/3 after 24 months and 1/3 after 36 months after grant date and has an exercise period of 4 years.

The Group may at any time resolve to terminate all issued options against a cash consideration equal to the market value of the option shares at the time of the termination, less the exercise price for such options. Under option program no 1 there are 2,551,000 options outstanding at the reporting date with an exercise price between NOK 4.60 – 6.80 per share, and with an exercise period that ends 10 June 2024. Under option program no 2 there are 6,109,335 options outstanding with an exercise price between NOK 8.97 – NOK 77.0 per share, and with an exercise period that ends between 12 June 2023 and 1 November 2026.

Refer to note 2.3 q for a description of the accounting principles for share-based payments.

The expenses recognised for share options are as follows:

(All amounts in NOK thousands)

	2022	2021
Total IFRS cost	8,752	11,404
Total Social security provisions	-13,984	-16,908

The table below shows the inputs applied in the option pricing model used as at year end

Granted instruments	2022	2021
Instrument	Option	Option
Quantity 31.12.2022 (instruments)	2,890,000	1,725,000
Quantity 31.12.2022 (shares)	2,890,000	1,725,000
Contractual life*	4.00	4.00
Strike price*	13.56	45.77
Share price*	11.70	40.01
Expected lifetime*	3.00	3.00
Volatility*	41.09%	35.0%
Interest rate*	3.013%	0.869%
Dividend*	0.00	0
FV per instrument*	2.87	7.98
Vesting conditions	N/A	N/A

\*Weighted average parameters at grant of instrument

The table below shows the movement in the number of outstanding options and the related weighted average exercise price (WAEP) during the year:



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## Outstanding instruments Year End - Option

Activity	Number of instruments	Weighted Average Strike Price	Number of instruments	Weighted Average Strike Price
	<b>01.01.2022 - 31.12.2022</b>		01.01.2021 - 31.12.2021	
<b>Outstanding OB 1.1</b>	6,978,669	22	5,728,334	15
Granted	2,890,000	14	1,725,000	46
Exercised	-13,333	15	-387,998	10
Released	-	-	-	-
Adjusted	-	-	-	-
Performance Adjusted	-	-	-	-
Cancelled	-	-	-	-
Terminated	-1,195,001	23	-86,667	26
Expired	-	-	-	-
<b>Outstanding CB 31.12</b>	<b>8,660,335</b>	<b>19</b>	6,978,669	22
<b>Vested CB 31.12</b>	<b>4,671,985</b>	<b>16</b>	3,878,657	10



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## Outstanding Instruments Overview

	Number of instruments	Weighted Average remaining contractual life	Weighted Average Strike Price	Vested instruments 31.12.2022	Weighted Average Strike Price
Strike price	Outstanding Instruments			Vested Instruments	
4.60	1,071,000	1.44	4.60	1,071,000	4.60
6.00	700,000	1.44	6.00	700,000	6.00
6.80	780,000	1.44	6.80	780,000	6.80
8.97	25,000	3.84	8.97	-	0.00
9.79	1,000,000	3.80	9.79	-	0.00
10.15	25,000	3.75	10.15	-	0.00
10.90	238,334	0.45	10.90	238,334	10.90
11.00	300,000	3.78	11.00	-	0.00
11.29	25,000	3.72	11.29	-	0.00
12.90	37,667	0.68	12.90	37,667	12.90
13.00	133,333	1.29	13.00	133,333	13.00
13.50	80,000	0.48	13.50	80,000	13.50
14.90	53,334	1.17	14.90	26,666	14.90
15.40	80,000	1.34	15.40	53,332	15.40
16.00	200,000	1.25	16.00	166,666	16.00
16.74	1,190,000	3.44	16.74	-	0.00
17.50	300,000	0.89	17.50	300,000	17.50
18.20	120,000	1.03	18.20	79,999	18.20
18.80	120,000	1.09	18.80	80,000	18.80
19.00	26,667	1.00	19.00	13,333	19.00
25.74	40,000	1.50	25.74	26,666	25.74
26.90	40,000	1.45	26.90	26,666	26.90
27.39	500,000	2.83	27.39	166,666	27.39
31.04	10,000	2.67	31.04	3,333	31.04
35.97	145,000	2.59	35.97	48,332	35.97
41.36	110,000	2.34	41.36	36,666	41.36
46.97	120,000	2.44	46.97	40,000	46.97
48.24	340,000	1.67	48.24	226,666	48.24
48.47	70,000	2.42	48.47	23,332	48.47
51.68	50,000	2.25	51.68	16,666	51.68
51.70	40,000	1.84	51.70	26,666	51.70
55.77	40,000	1.92	55.77	26,666	55.77
60.00	450,000	2.29	60.00	150,000	60.00
66.22	100,000	2.00	66.22	33,331	66.22
66.66	80,000	1.75	66.66	53,333	66.66
77.00	20,000	2.13	77.00	6,666	77.00
	<b>8,660,335</b>			<b>4,671,985</b>	

The weighted average remaining contractual life for the share options outstanding as of 31 December 2022 was 2.22 years (2021: 2.66 years).



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Total number of options outstanding to the Board and management as of 31 December 2022 is as follows:

		2022	2021	Awarded in 2022
Lars Rosenl�v Jensen	Management	900 000	400 000	500 000
Kjetil B�hn	Management	600 000	600 000	-
Christian Lach	Management	700 000	450 000	250 000
Kristian Flaten	Management	133 333	200 000	-
Christian Bekkevold Nielsen	Management	300 000	-	300 000
Terje U. Eiken	Management	650 000	400 000	250 000
Oscar Spieler	Board	1 400 000	1 400 000	-
Thorleif Enger	Board	80 000	80 000	-
Ann-Christin Gjerdseth Andersen	Board	170 000	170 000	-
Majken Margrethe Smith	Board	30 000	30 000	-
Anette Knoph Ler�	Board	80 000	-	45 000
Wenche Teigland	Board	40 000	40 000	-
		<b>5 083 333</b>	<b>3 770 000</b>	<b>1 345 000</b>

The average strike price of grants to Board and management during the year was NOK 18.85 (2021: NOK 43.00).

#### Note 10 Other operating expenses

(Amounts in NOK thousands)	2022	2021
Research and development expenses	2 961	10 008
Rent and other office expenses	6 522	4 788
IT expenses	4 605	-
Travel expenses	3 679	1 441
External services	38 379	17 984
Other	31 598	18 730
<b>Total</b>	<b>87 744</b>	<b>52 951</b>

The Group's research and development activity concentrates on the development of its technology to chemically recycle mixed plastic waste into low carbon products. The Group also has research and development activities related to use of its technology for a small biogas-to-liquid pilot plant to convert biomass to bio-jet-fuel. Research and development expenses that are not capitalised have been expensed in the period as incurred.

#### Compensation to auditors

(Amounts in NOK thousands)	2022	2021
Statutory audit fee	1,262	683
Other assurance engagements	57	148
Tax related services	52	48
Other services	187	402
<b>Total</b>	<b>1,558</b>	<b>1,281</b>

RSM was the Group auditor for 2022 and 2021. Fees to non-RSM auditors relating to other services and advisory amounts to NOK 250,000 (2021: NOK 300,000).



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**Note 11 Financial income and expense**

(Amounts in NOK thousands)	2022	2021
Interest income	10 439	1 012
Interest expenses	-15 426	-8 459
Net foreign currency gains (losses)	23 298	-2 853
Other financial expenses	919	-1 599
Convertible loan	-	205 302
<b>Total</b>	<b>19 231</b>	<b>193 403</b>



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**Note 12 Income taxes**

(Amounts in NOK thousands)

The major components of income tax expense:

	2022	2021
<i>Current income tax:</i>		
Current income charge	-	450
Taxes from prior years	-	-
<i>Deferred tax:</i>		
Relating to changes in temporary differences	6 708	-
<b>Tax expense</b>	<b>6 708</b>	<b>450</b>

	2022	2021
<b>Reconciliation of tax expense and accounting profit :</b>		
Income tax attributable to net profit	6 708	450
Income tax attributable to other comprehensive income	-	-
<b>Net</b>	<b>6 708</b>	<b>450</b>

Pre-tax profit	-377 730	6 518
Permanent differences	81 246	529
Change in temporary differences	21 171	-297 396
Losses to be carried forward	274 084	291 543
Group tax orientation (sambeskatning)	0	-
Unused carryforward losses	-	-1 171
Currency effect	1 229	2 021
<b>Tax base</b>	<b>0</b>	<b>2 045</b>

<b>Calculated tax payable</b>	<b>0</b>	<b>450</b>
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*Deferred tax relates to the following:*

Temporary Differences	2022	2021
Property, plant and equipment	589 055	600 192
Inventory	-1 978	-1 117
Receivables	-100	-
Financial assets and debt	-	-
Construction contracts	-468 092	-462 181
Financial lease	-1 340	-1 282
Provisions	-32 365	-30 945
Tax loss carryforwards	-847 915	-698 388
Disallowed interest deductions	-10 863	-11 466
Currency effect	-	-136
Other	-441	-357
<b>Net deferred tax (assets) liabilities</b>	<b>-774 039</b>	<b>-605 681</b>

Deferred tax benefit (22%)	-170 288	-133 250
Deferred tax benefit not recognised in the balance sheet (22%)	-279 453	-236 689

<b>(+) Deferred Tax benefit/ (-) Tax liability recognised in BS</b>	<b>(109 164)</b>	<b>(103 439)</b>
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## Note 13 Intangible assets

(Amounts in NOK thousands)	Goodwill	Development cost	Acquired patents and rights	Other intangible assets	Total
<b>Acquisition cost 1 January 2021</b>	<b>54 085</b>	<b>29 850</b>	<b>1 808</b>	<b>212</b>	<b>85 955</b>
Additions	-	1 986	-	101	2 087
Disposals	-	-	-	-	-
Reclassification	-	-	-	-	-
Exchange differences	-	-	-9	-	-9
<b>Acquisition cost 31 December 2021</b>	<b>54 085</b>	<b>31 836</b>	<b>1 799</b>	<b>313</b>	<b>88 033</b>
<b>Acquisition cost 1 January 2022</b>	<b>54 085</b>	<b>31 836</b>	<b>1 799</b>	<b>313</b>	<b>88 033</b>
Additions	-	-	115	-	115
Disposals	-	-	-	-	-
Reclassification (Note 15)	-	163 624	-	-	163 624
Exchange differences	-	-	-	-	-
<b>Acquisition cost 31 December 2022</b>	<b>54 085</b>	<b>195 460</b>	<b>1 914</b>	<b>313</b>	<b>251 772</b>
<b>Accumulated depreciation 1 January 2021</b>	<b>-</b>	<b>-</b>	<b>1 230</b>	<b>57</b>	<b>1 287</b>
Depreciation	-	-	38	86	124
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Reclassification	-	-	-	-	-
Exchange differences	-	-	-	-	-
<b>Accumulated depreciation 31 December 2021</b>	<b>-</b>	<b>-</b>	<b>1 268</b>	<b>143</b>	<b>1 411</b>
<b>Accumulated depreciation 1 January 2022</b>	<b>-</b>	<b>-</b>	<b>1 268</b>	<b>143</b>	<b>1 411</b>
Depreciation	-	973	39	103	1 115
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Reclassification	-	-	-	-	-
Exchange differences	-	-	-	-	-
<b>Accumulated depreciation 31 December 2022</b>	<b>-</b>	<b>973</b>	<b>1 307</b>	<b>246</b>	<b>2 526</b>
<b>Net book value 31 December 2021</b>	<b>54 085</b>	<b>31 836</b>	<b>531</b>	<b>170</b>	<b>86 622</b>
<b>Net book value 31 December 2022</b>	<b>54 085</b>	<b>194 487</b>	<b>607</b>	<b>66</b>	<b>249 245</b>
Useful life	No depreciation	20 years	10 years	10 years	
Depreciation		Straight line	Straight line	Straight line	

Research and development cost capitalised in 2022 and 2021 is in relation to development of the Group's Plastic-to-Liquid technology in accordance with IAS 38.57. The carried value of the research and development cost is considered against future projects and further tested in accordance with IAS 36. The depreciations of the capitalized Research and Development cost related to the plant in Skive, commenced the depreciation period in 2022, as the plant was finalized and set in operation, applying the developed technology.



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Recognised goodwill in the Group amounts to NOK 54 million as at 31.12.2022. Goodwill is derived from the acquisition of Quantafuel Kristiansund AS which was completed in 2020. Goodwill is tested for impairment by the Group at least annually, or when there are any indications of impairment. Please refer to note 14.

#### Note 14 Impairment testing of Goodwill

Goodwill are required to be tested for impairment annually. Impairment losses are recognised where the recoverable amount is less than the carrying amount. There were no impairment losses recognised in 2022, or in 2021.

Recognised goodwill in the Group amounts to NOK 54 million as of 31.12.2022. Goodwill is derived from the acquisition of Quantafuel Kristiansand AS (previously Replast AS), which was completed in 2020.

Book value of goodwill	2022	2021
Quantafuel Kristiansund AS	54,085	54,085
<b>Total Goodwill</b>	<b>54,085</b>	54,085

The recoverable amount is set to the estimated value in use. The value in use is the net present value of the estimated cash flow before tax, using a discount rate reflecting the timing of the cash flows and the expected risk.

The impairment test has been prepared in accordance with IAS 36 impairment of non-financial assets following the discounted cash flow methodology for value in use within the standard.

The value in use for Quantafuel Kristiansund AS has been calculated by using projected cash flows based on budget approved by the Group Management.

#### The following assumptions were utilised when calculating value in use

	2022	2021
Discount interest	12%	8%
Growth rate	3%	2%

#### Key assumptions for value-in-use calculations

In connection with the impairment testing of goodwill, a sensitivity analysis has been carried out. The sensitivity analysis has tested changes in WACC and growth rates. The estimates used to determine future cash flows and WACC when calculating value in use are subject to uncertainty. The assumptions are described below:

##### Discount rate

The discount interest is based on weighted average cost of capital (WACC). The discount rate is reflecting the current market rate of return in the industry where the cost of equity has been calculated with the basis in the capital asset pricing model (CAPM). An interest rate of 12 % has been used when discounting the cash flows.



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**Growth rate**

The growth rate in the period is based on management's expectation to the development in the market. Based on available information of knowledge about the market, management is expecting some increase in the growth for the next years. Management's expectation is based on the historical development in trends and public sector analysis. Because of the uncertainty in the expectations, there may be a need for subsequent adjustments.

**Sensitivity**

On 31 December 2022, the Group's value in use for Quantafuel Kristiansund AS was higher than the carrying amount of tested goodwill. Sensitivity analyses show that no reasonable change in any of the key assumptions would cause the recoverable amount to be lower than the carrying amount.



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## Note 15 Property plant and equipment

(Amounts in NOK thousands)	Property and plant	Machinery and equipment	Assets under construction	Total
<b>Acquisition cost 1 January 2021</b>	-	<b>66 679</b>	<b>551 304</b>	<b>617 983</b>
Additions	-	49 255	147 931	197 186
Disposals	-	-2 333	-	-2 333
Reclassification held for sale	-	-18 318	-	-18 318
Derecognition	-	-	-2 329	-2 329
Exchange differences	-	-	-3 011	-3 011
<b>Acquisition cost 31 December 2021</b>	-	<b>95 283</b>	<b>693 894</b>	<b>789 177</b>
<b>Acquisition cost 1 January 2022</b>	-	<b>95 283</b>	<b>693 894</b>	<b>789 177</b>
Reclassification	604 885	-	-604 885	-
Additions	25 505	30 730	23 690	79 925
Disposals	-	-8 318	-62 022	-70 340
Derecognition	-	-	-	-
Reclassification to R&D	-163 624	-	-	-163 624
Exchange differences	-10 026	-	-	-10 026
<b>Acquisition cost 31 December 2022</b>	<b>456 740</b>	<b>117 695</b>	<b>50 678</b>	<b>625 113</b>
<b>Accumulated depreciation 1 January 2021</b>	-	<b>7 064</b>	-	<b>7 064</b>
Depreciation	-	7 964	3 015	10 979
Disposals	-	-	-	-
Impairment	-	-	-	-
Reclassification	-	-	-	-
Exchange differences	-	-	-	-
<b>Accumulated depreciation 31 December 2021</b>	-	<b>15 028</b>	<b>3 015</b>	<b>18 043</b>
<b>Accumulated depreciation 1 January 2022</b>	-	<b>15 028</b>	<b>3 015</b>	<b>18 043</b>
Depreciation	20 453	16 516	-	36 969
Disposals	-	-	-	-
Impairment	-	5 373	-	5 373
Reclassification	-	-	-	-
Exchange differences	-	-	-	-
<b>Accumulated depreciation 31 December 2022</b>	<b>20 453</b>	<b>36 916</b>	<b>3 015</b>	<b>60 385</b>
<b>Net book value 31 December 2021</b>	-	<b>80 255</b>	<b>690 879</b>	<b>771 134</b>
<b>Net book value 31 December 2022</b>	<b>436 286</b>	<b>80 780</b>	<b>47 662</b>	<b>564 728</b>
Useful life	15-20 years	3-10 years	No depreciation	
Depreciation	Straight line	Straight line		

The Group's main asset is the Skive plant. The construction commenced in 2018 and was completed in Q1 2022. In addition, three other projects are capitalised under assets under construction. The total cost for assets under construction as of end of 2022 is NOK 39.3 million (2021: 690.9 million).

Quantafuel has in accordance with IAS 38 recognized certain costs in regard to the Skive plant cost as development costs. From a total of NOK 620 million, NOK 163.6 million has been reclassified as development



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costs. The knowledge acquired throughout the multiple process modifications and rebuilding will be implemented in our second-generation plants (MK II) and therefore providing important value for future plants, as well as providing value through licensing.

The item held for sale in 2021 was based on the fact that Quantafuel Kristiansand AS had commenced a sale process with a potential buyer. Part of this hold-for-sale assets was sold to an external customer for NOK 8.3 million in December 2022. The remaining were impaired (NOK 5.3 million) and the rest were depreciated.

The disposal of assets under construction of NOK 62 million is related to the sale of shares in Quantafuel Esbjerg ApS.

#### *Impairment tests*

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.

The plant is in a start-up phase and proof of concept was completed in Q1 2022, with estimated full production in Q4 2022. The production plant is the first of its kind and therefore the estimated cost of completing the plant has been increased several times during the construction phase. The Group has capitalised all costs related to the construction, including capitalisation of interest in the construction period.

Impairment testing of the carrying amount of the production plant, and the capitalised development costs, has been based on estimated cash flows for the years 2023 – 2041. The forecast period of 20 years corresponds to a typical minimum technical design life of refineries and gas processing plants. The financial forecasts are based on Management's best estimate and current budgets. The calculation is based using nominal values for cashflow with zero growth rate. The estimated cash flows are based on the expected output of the production plant when operational as well as expected selling prices and production costs. The discount rate before tax used is 12 %. The Group considers the relationship between the value of discounted cashflow, peer market valuation, carrying amounts and other factors when identifying indicators of impairment.

The calculation of value in use is most sensitive to the estimates of product prices and volumes. Reasonable changes in the assumptions would not cause the carrying amount of the assets to exceed the recoverable amount.



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## Note 16 Financial assets and financial liabilities

(Amounts in NOK thousands)

Financial assets other than cash:			2022	2021
<b>Debt instruments at amortised cost:</b>				
Trade and other receivables			35 696	39 515
Non-current deposits			222 339	7 652
<b>Sum financial assets</b>			<b>258 035</b>	<b>47 167</b>
<b>Total current</b>			<b>35 696</b>	<b>39 515</b>
<b>Total non-current</b>			<b>222 339</b>	<b>7 652</b>
<b>Total non-current deposits can be broken down as shown below</b>				
Shareholder's loan to Resources Denmark ApS			181 919	-
Long term receivables related to the sale of Resources Denmark ApS			22 275	-
Deposits related to office rental			9 897	7 652
Deposits related to VAT in Denmark			7 925	-
Loan to employees			323	-
<b>Total</b>			<b>222 339</b>	<b>7 652</b>
Financial liabilities: Interest-bearing liabilities:			2022	2021
<b>Current interest-bearing liabilities</b>	<b>Interest rate</b>	<b>Maturity</b>		
Loan from Sparebank 1 SMN	8.75%	2023	7 640	7 640
Loan from DGI	CIBOR 3+7.03%	2023	10 745	10 208
Lease liabilities	8.48% / 6%	2023	9 710	7 555
<b>Total current</b>			<b>28 095</b>	<b>25 403</b>
<b>Non-current interestbearing loans:</b>				
Innovasjon Norge	4.95%	2024	2 400	2 400
Sparebank 1 SMN	8.75%	2026	21 647	29 286
Loan from DGI	CIBOR 3+7.03%	2028	48 541	55 071
BASF liability	n.a.		-	-
BASF conversion right liability *	n.a.		-	-
Lease liabilities	8.48% / 6%	2034	93 157	92 214
<b>Total non-current</b>			<b>165 745</b>	<b>178 971</b>
<b>Total interest-bearing liabilities</b>			<b>193 840</b>	<b>204 374</b>

\* The conversion right is an embedded derivative and is classified as a liability and subsequently measured at fair value through profit and loss.



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## Note 16 Financial assets and financial liabilities (continued..)

Other financial liabilities at amortised cost:	2022	2021
Trade and other payables	76 220	102 127
<b>Total current</b>	<b>104 315</b>	<b>127 531</b>
<b>Total non-current</b>	<b>165 745</b>	<b>178 971</b>

\* The conversion right is an embedded derivative and is classified as a liability and subsequently measured at fair value through profit and loss.

At 31 December 2022 Quantafuel Kristiansund AS was in breach of a covenant related to the working capital requirement for the loan from Sparebank 1 SMN. The Covenant requirement is a positive working capital of NOK 2.5 million. The company has received a signed waiver from the bank and have replaced the working capital covenant with a corporate guarantee of NOK 10 million related to the loan.

The loan from Danmarks Grønne Investeringsfond (DGI) is repayable with equal quarterly down payments with maturity on 1 April 2028. DGI is entitled to an extra performance payment based should the accumulated EBITDA of the Danish subsidiary in the years 2020 to 2023 be above DKK 70 million. The performance payment is 3% of accumulated EBITDA that is equal to or above DKK 70 million, increasing to 6% of accumulated EBITDA equal to or above DKK 100 million. The performance payment is capped at DKK 7 million. The estimated performance payment is included in the amortised cost for the loan. The loan is secured by first charge over the operating plant in Denmark as well as a floating charge of DKK 10 million in the Danish operation.

The loan from Sparebank 1 is maturing October 2026. The outstanding amount as of 31 December 2022 was NOK 29.3 million. The loan is repaid on a monthly basis.

Changes in liabilities arising from financing activities for 2022 (2021):

(Amounts in NOK thousands)			Non-cash changes				
	1/1/2022	Cash flows	Foreign exchange movement	Fair values changes	New leases	Other	12/31/2022
Long-term borrowings	86,758	-14,170					72,588
Short-term borrowings	17,848		537				18,385
Lease liabilities	99,769	-16,561	1,832	7,368	9,328	1,132	102,867
<b>Total liabilities from financing activities</b>	<b>204,375</b>	<b>-30,731</b>	<b>2,369</b>	<b>7,368</b>	<b>9,328</b>	<b>1,132</b>	<b>193,841</b>

			Non-cash changes				
	1/1/2021	Cash flows	Foreign exchange movement	Fair values changes	New leases	Other	12/31/2021
Long-term borrowings	519,653	1,173	-2,290	-431,778			86,758
Short-term borrowings	6,191	11,657					17,848
Lease liabilities	76,724	-12,129	-1,851		40,850	-3,825	99,769
<b>Total liabilities from financing activities</b>	<b>602,567</b>	<b>700</b>	<b>-4,142</b>	<b>-431,779</b>	<b>40,849</b>	<b>-3,826</b>	<b>204,375</b>



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

(Amounts in NOK thousands)

Year ended 31 December 2022	Less than 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
Interest-bearing liabilities (excluding those below)	4 596	13 789	67 027	5 561	90 973
Convertible loan			-		-
Lease liabilities	4 140	8 126	45 573	45 028	102 867
Trade payables	29 050	-	-	-	29 050
<b>Total</b>	<b>37 787</b>	<b>21 915</b>	<b>112 600</b>	<b>50 589</b>	<b>222 890</b>

Year ended 31 December 2021	Less than 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
Interest-bearing liabilities (excluding those below)	4 462	13 386	72 520	14 237	104 605
Convertible loan			-		-
Lease liabilities	2 509	7 527	40 084	49 649	99 769
Trade payables	44 442				44 442
<b>Total</b>	<b>51 413</b>	<b>20 913</b>	<b>112 604</b>	<b>63 886</b>	<b>248 816</b>

### Fair values

Below is a comparison of the carrying amounts and fair values of financial assets and financial liabilities as of 31 December 2022 and 31 December 2021:

	31.12.2022	31.12.2022	31.12.2021	31.12.2021
(Amounts in NOK thousands)	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial liabilities</b>				
Interest-bearing loans and borrowings:	90 973	90 973	104 605	104 605
Leasing liability (note 22)	102 867	102 867	99 769	99 769
<b>Total</b>	<b>193 840</b>	<b>193 840</b>	<b>204 374</b>	<b>204 374</b>



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## Pledged assets

(Amounts in NOK thousands)	2022	2021
<b>Carrying amount secured debt</b>		
Secured long-term debt	69,998	84,358
Secured short-term debt	18,385	17,848
<b>Total</b>	<b>88,383</b>	<b>102,206</b>
<b>Book value of pledged assets</b>		
Inventory	14,873	5,783
Receivables	1,813	839
Fixed assets	233,571	135,427
<b>Total</b>	<b>250,256</b>	<b>142,049</b>
<b>Secured amount</b>		
Quantafuel Skive Aps	170,000	170,000
Quantafuel Kristiansund AS	40,000	40,000

The Group is exposed to market risk (currency and interest rate risk), credit risk and liquidity risk. Risk management is carried out by the CFO in cooperation with the CEO and the Board. The purpose of the management is to minimise unforeseen impacts on the Group's financial results.

### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate, currency and commodity price risk.

The Group has interest-bearing debt as described above. An increase in the interest rate of 1% would increase interest on debt by approximately NOK 1.05 million per year.

Foreign currency risk is the risk that fair value of assets or liabilities, or future cash flows will fluctuate because of changes in foreign exchange rates. The Group's exposure to currency risk is related to loan in foreign currency, the products delivered from the Group's plant in Denmark will be based on commodity prices set in foreign currency as well as currency risk related to the Group's net investment in the subsidiaries in Denmark and UK.

The year 2022 has in general been dominated by a devastating war in Europe, an energy crisis, spiking inflation and global economic slowdown. As the Group have initiated a couple of new construction projects as well as conducting ongoing plant construction activities, it is challenging to keep the expenses in line with the original budgets, that have not anticipated those levels of price increases as we have seen during FY2022. To deal with this situation, the Group monitors the situation closely and estimate near future expenses on a running basis. One tool for making the near future a little bit more predictable is to do rolling forecast on the expenses side.

Due to the war in Ukraine, the energy prices have risen significantly, compared to earlier periods. This has had a negative impact on the business of Quantafuel, as it has become more expensive to run the plant in Skive. The energy prices have also had negative impacts on all other expenses, as everything gets more expensive with significantly higher current- and gas prices.



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For Quantafuel, the war has also cut the access to customers and business opportunities in Russia, Ukraine and eastward. A consequence of this is that Quantafuel in Kristiansund has lost business activities and revenues in Ukraine, at it was dealing with customers in Ukraine, before the war. That said, the main areas of business activities for Quantafuel are western Europe, UK and Dubai. Hence, the effect of the war in terms of business activities have not been affected that much.

The net foreign currency gain totalled NOK 23.3 million in 2022 (2021: currency loss of NOK 2.9 million). The currency translation difference in equity as of 31 December 2022 was a net profit of NOK 3.3 million (2021: NOK 2.2 million).

The plant in Skive and the plant in Kristiansund will be subject to credit risk in connection with sales to customers. The credit risk will be monitored at Group level and is for a large part expected be mitigated by most of the produce being delivered to solid multinational chemical companies.

Liquidity risk is the risk that the Group will not be able to meet its financial obligations when they are due or that financing will not be available at. The Group's liquid resources are monitored to ensure that there is sufficient liquidity available to complete the construction of the plants, to start up production and deliver products to paying customers on a continuous basis. On 31 December 2022 the Group had NOK 122 million (2021: NOK 285 million) in liquid reserves.

#### Note 17 Other current receivables

(Amounts in NOK thousands)	2022	2021
Trade receivables	30 233	18 120
Provision for expected losses	-	-
<b>Net trade receivables</b>	<b>30 233</b>	<b>18 120</b>
Prepayments	2 907	2 881
Public duties and taxes receivable	178	15 484
Other	2 378	3 030
<b>Total other receivables</b>	<b>5 463</b>	<b>21 395</b>
<b>Total current receivables</b>	<b>35 696</b>	<b>39 515</b>

#### Trade and other current receivables by currency:

	2022	2021
NOK	5 305	839
DKK	1 858	-
EUR	22 176	17 281
USD	894	-
Other	-	-
<b>Total current receivables</b>	<b>30 233</b>	<b>18 120</b>



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## Note 18 Cash and cash equivalents

(Amounts in NOK thousands)	2022	2021
Cash and bank deposits	118 111	281 518
Restricted cash	3 556	3 385
<b>Total</b>	<b>121 667</b>	<b>284 903</b>

Restricted cash include cash deposited as security for employee tax withholdings.

Cash and cash equivalents per currency	2022	2021
NOK	94 531	252 409
DKK	13 279	30 940
USD	180	6
EUR	11 069	269
SEK	1 673	1 279
GBP	935	-
<b>Total</b>	<b>121 667</b>	<b>284 903</b>

## Note 19 Share capital and shareholder information

Quantafuel ASA has one class of shares. The total number of shares at year end were 165,828,513 (2021: 149,015,180) with a nominal value of NOK 0.01. The share capital on 31 December 2022 was NOK 1,658,258.80 (2021: NOK 1,490,151.80).

All shares have the same voting rights.



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The development in the number of shares and the share capital during the year are shown in the table below:

Date	Event	Share price (NOK)	Total share capital (NOK)	New shares issued	Total no. of Shares
12/31/2017	Total number of shares		406,042.60		40,604,260
6/18/2018	Private placement	6.80	626,642.60	22,060,000	62,664,260
8/6/2018	Loan conversion	4.08	726,795.60	10,015,300	72,679,560
3/12/2019	Private placement	5.50	999,522.80	27,272,720	99,952,280
10/14/2019	Vitol Conversion	9.80	1,029,660.30	3,013,750	102,966,030
10/7/2019	BASF Investment	11.8	1,114,346.70	8,468,640	111,434,670
10/21/2019	Exercise of options	4.6	1,115,146.70	80,000	111,514,670
10/21/2019	Exercise of options	6.8	1,116,746.70	160,000	111,674,670
3/30/2020	Exercise of options	4.6	1,117,746.70	100,000	111,774,670
7/3/2020	Kirkbi Investment	18	1,256,635.50	13,888,880	125,663,550
9/11/2020	Exercise of options	4,6 / 6,8	1,259,435.50	280,000	125,943,550
9/18/2020	Private placement	70	1,345,435.50	8,600,000	134,543,550
10/15/2020	Exercise of options	4,6 / 10,9 / 16,7	1,348,202.17	276,667	134,820,217
11/12/2020	Purchase Replast AS	50	1,356,202.17	800,000	135,620,217
11/27/2020	Purchase of Hulteberg Chemistry and Engineering IP	50	1,357,262.17	106,000	135,726,217
12/29/2020	Exercise of options	4.6	1,358,262.17	100,000	135,826,217
1/14/2021	Purchase 40% Geminor Invest AS	65.2	1,385,462.61	2,720,044	138,546,261
3/9/2021	Exercise of options	4,6/10,90/14,9/18,2/19	1,387,295.93	183,332	138,729,593
6/11/2021	Exercise of options	4,6 / 12,9	1,387,409.26	11,333	138,740,926
7/5/2021	Purchase minority Quantafuel Skive Aps	40.6	1,416,209.26	2,880,000	141,620,926
7/22/2021	Loan conversion	32	1,489,218.47	7,300,921	148,921,847
9/15/2021	Exercise of options	13.5	1,489,485.13	26,666	148,948,513
12/1/2021	Exercise of options	13,5 / 10,9 / 26,29	1,490,151.80	66,667	149,015,180
1/31/2022	Private placement	25	1,650,151.80	16,000,000	165,015,180
3/24/2022	Exercise of options	14.9	1,650,285.13	13,333	165,028,513
4/12/2022	Purchase price UK Midas		1,658,285.13	800,000	165,828,513
<b>12/31/2022</b>	<b>Total number of shares</b>				<b>165,828,513</b>

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. KIRKBI Invest A/S, a company closely related to Board member Kasper Trebbien, was allocated 4,000,000 shares in the Private Placement.

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.

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 31 December 2022 was NOK 1,658,285.13 divided by 165,828,513 shares, each with a par value of NOK 0.01.



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### Ownership structure

The number of shareholders on 31 December 2022 was 5,715. (2021: 6,044).

The Group's 20 largest shareholders as of 31 December 2022 were as following:

Shareholder	No of shares	% of total
Danske Bank A/S	18,358,423	11.1 %
CLEARSTREAM BANKING S.A.	17,188,131	10.4 %
Nordnet Bank AB	16,033,162	9.7 %
BASF ANTWERPEN N.V.	15,769,561	9.5 %
Danske Bank A/S	8,272,974	5.0 %
JPMorgan Chase Bank, N.A., London	7,845,562	4.7 %
PRO AS	5,031,632	3.0 %
T.D. VEEN AS	4,236,360	2.6 %
J.P. Morgan SE	4,150,945	2.5 %
UBS Switzerland AG	3,681,340	2.2 %
Saxo Bank A/S	3,065,224	1.8 %
JPMorgan Chase Bank, N.A., London	3,017,764	1.8 %
Nordea Bank Abp	2,785,032	1.7 %
The Bank of New York Mellon SA/NV	2,203,621	1.3 %
AS AUDLEY	1,940,000	1.2 %
Citibank, N.A.	1,804,907	1.1 %
Société Générale	1,800,000	1.1 %
MØSBU AS	1,783,775	1.1 %
Goldman Sachs & Co. LLC	1,203,024	0.7 %
UBS Switzerland AG	1,171,096	0.7 %
<b>Total 20 largest shareholders</b>	<b>121,342,533</b>	<b>73.2 %</b>
Other shareholders	44,485,980	26.8 %
<b>Total number of shares</b>	<b>165,828,513</b>	<b>100.0 %</b>

The Group has not paid any dividends in neither 2022 nor in 2021.



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**Shares held by Primary Insiders or their related parties:**

Shareholder	No of shares	% of total
Lars Rosenløv	50,800	0.0 %
Christian Lach	13,500	0.0 %
Ann-Christin Andersen/4ADA AS	10,000	0.0 %
Petter Dragesund/Dragesund Invest AS	666,668	0.4 %
Thorleif Enger/Thoeng AS	189,300	0.1 %
Terje U. Eiken	75,217	0.0 %
Kasper Trebbien	2,000	0.0 %
Wenche Teigland	1,430	0.0 %
Anette Knoph Lerø	883	0.0 %
Rene Ortiz Garcia	3,100	0.0 %
<b>Total number of shares held by Primary Insiders or related parties</b>	<b>1,012,898</b>	<b>0.6 %</b>

**Note 20 Government grants**

Prior to 2018, the Group was granted a government funding relating to BtL. The total grant amounted to NOK 13.8 million, which was meant to partly finance the Biomass to Liquid plant to be developed under the Avinor Agreement.

The project PtL plant in Oslo was terminated during 2021 and the grants received from Enova of NOK 6.5 million (plus interest) was refunded to Enova.

Since 2018 the Group has received NOK 3 million from Handelens Miljøfond relating to plant for fine sorting of plastic in Norway, NOK 0.5 million from Innovasjon Norge.

In addition, the Group has one project going on, conducted by Quantafuel Kristiansund AS, that was approved by the Research Council of Norway under the SkatteFUNN scheme in 2019. Thus, in 2020 and 2021 the Group received funds of NOK 4.9 million and NOK 4.2 million respectively from SkatteFUNN.

The Group has not received any other funds from SkatteFUNN during the financial year of 2022.

Grants received have been recognised in the income statement as other revenue.



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## Note 21 Other current liabilities

(Amounts in NOK thousands)

	2022	2021
Public duties payable	2 693	17 416
Accrued expenses	44 477	40 269
<b>Total other current liabilities</b>	<b>47 170</b>	<b>57 685</b>

### Other current liabilities by currency:

	2022	2021
NOK	48 222	55 555
DKK	-975	2 013
SEK	5	117
GBP	-82	-
<b>Total other current payables</b>	<b>47 170</b>	<b>57 685</b>



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## Note 22 Leases

Below are the carrying amounts of right-of-use assets recognised and movements during the period. All items are related to rent of office and plant buildings.

Right of use assets	2022			2021	
	Machinery and equipment	Property and plant	Total	Property and plant	Total
<b>Balance at 01 January</b>	-	93 139	93 139	71 527	71 527
Depreciations*	-1 749	-10 481	-12 230	-8 840	-8 840
Additions	9 328	-	9 328	40 850	40 850
Of which lease liability	-	-	-	40 850	40 850
Adjustments	-	864	864	-8 547	-8 547
Of which liability adjustments	-	-	-	-9 664	-9 664
Of which gains and losses	-	-	-	1 116	1 116
<b>Effects of movements in exchange rates</b>	-	1 832	1 832	-1 851	-1 851
<b>Balance at 31 December</b>	<b>7 579</b>	<b>85 354</b>	<b>92 933</b>	<b>93 139</b>	<b>93 139</b>

Lease liabilities	2022	2021
Maturity analysis - contractual undiscounted cash flows		
Less than one year	16 871	14 376
One to five years	62 681	57 413
More than five years	61 930	71 112
Total undiscounted lease liabilities at 31 December	141 482	142 901
<b>Lease liabilities included in the statement of financial position at 31 December</b>	<b>102 867</b>	<b>99 769</b>
Current	9 710	7 555
Non-current	93 157	92 214

Amounts recognised in profit or loss	2022	2021
Interest on lease liabilities	7 368	6 044
Depreciation of right-of-use assets	12 230	8 840
Gains (-) and losses (+) due to terminations, purchases, impairments, and other changes	-	-1 116
Variable lease payments not included in the measurement of lease liabilities	-	-
Income from sub-leasing right-of-use assets	-	-
Expenses relating to short-term leases	-	-
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	-	-

Amounts recognised in the statement of cash flow	2022	2021
Total cash outflow for leases	16 561	12 129

Other comprehensive income	2022	2021
Transaction differences on net investments in foreign operations	-318	212

Additional information / sensitivity analysis	2022	2021
Effect on lease liabilities if the discount rate increases by 1 %	-3 696	-4 021
Effect on lease liabilities if the discount rate decreases by 1 %	3 953	4 326



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## Note 22 Leases (continued)

Other information	2022	2021
Estimated residual value guarantees included in the maturity analysis	-	-
Purchase options included in the maturity analysis	-	-
The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the statement of financial position	7,40 %	7.48%

Control of the discounted lease liability	2022	2021
Total undiscounted lease liabilities at 31 December	141 483	142 901
Lease liabilities included in the statement of financial position at 31 December	102 867	99 769
Difference	38 616	43 132
Control: remaining interest	38 616	43 132

The maturity of lease liabilities is disclosed in note 16.

## Note 23 Inventories

(Amounts in NOK thousands)	2022	2021
Finished goods:		
At net realisable value	14 873	5 783
At cost	16 460	-
<b>Total finished goods</b>	<b>16 460</b>	<b>5 783</b>

Finished goods	16 460	5 783
<b>Total</b>	<b>16 460</b>	<b>5 783</b>

## Note 24 Earnings per share

The basic earnings per share are calculated as the ratio of the profit for the year that is due to the shareholders of the parent of a loss of NOK 384 million (2021: loss of NOK 3.9 million) divided by the weighted average number of ordinary shares outstanding, 163.7 million (2021: 140.1 million).

When calculating the diluted earnings per share, the profit that is attributable to the ordinary shareholders of the parent and the weighted average number of ordinary shares outstanding are adjusted for all the dilution effects relating to convertible bonds and share options.

The profit for the year attributable to the ordinary shareholders is adjusted for interest costs (after tax) relating to the convertible bonds. The "denominator" takes account of all the shares that can be received if debt is converted and all the share options that are "in-the-money" and can be exercised. In the calculations, convertible bonds and share options are assumed to have been converted/ exercised on the first date in the fiscal year. Convertible bonds and share options issued this year are assumed to be converted/ exercised at



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the date of issue/ grant date. The dilution effect on share options is calculated as the difference between average fair value in an active market and the sum of not recognised cost portion of the options.

The dilution effect on convertible bonds is calculated as the difference between the reduction in the cost of borrowing and the number of potential shares issued.

(Amounts in thousands NOK, except for number of shares and options)

	2022	2021
<b>Profit (loss) for the year due to holders of ordinary shares</b>		
Profit for the year from continuing operations	-384,439	-3,883
<b>Profit (loss) for the year due to the holders of ordinary shares</b>	<b>-384,439</b>	<b>-3,883</b>
<b>Diluted profit</b>	<b>2022</b>	<b>2021</b>
The profit for the year due to the holders of ordinary shares	-384,439	-3,883
<b>Diluted profit for the year due to the holders of ordinary shares</b>	<b>-384,439</b>	<b>-3,883</b>
	<b>2022</b>	<b>2021</b>
<b>Average number of shares outstanding (Note 18)</b>	<b>163,700,699</b>	140,138,428
Effect of dilutive potential ordinary shares:		
Share options	8,660,335	6,978,669
<b>Diluted average number of shares outstanding</b>	<b>8,660,335</b>	<b>6,978,669</b>

## Note 25 Investment in Associate

### *Geminor Invest AS*

On 12 January 2021, Quantafuel ASA acquired 40% of the voting shares in Geminor Invest AS for NOK 168 million. The acquisition was settled in 2,720,044 consideration shares in Quantafuel, plus a cash settlement of NOK 3.8 million to cover transaction costs. Quantafuel ASA obtained an option to acquire the remaining 60%.

Geminor Invest AS is a limited company located in Karmøy, Norway. Geminor Invest AS holds 100% of the shares in Geminor AS, a market leader in waste trading, logistics and sorting.

The booked value as per December 31, 2022 is based on the information that Quantafuel AS has agreed to sell all the shares in Geminor Invest AS for MNOK 80 back to the initial founders of the company. This agreement was settled on April 17, 2023.

As this agreement represents the determined price for the shares in Geminor Invest AS, this is also the basis when evaluating the booked value of the shares in the balance sheet of Quantafuel.

Based on an overall assessment where size and complexity are considered, Geminor Invest AS is regarded to be a significant associate. Further information regarding this company is disclosed below.

The associate is recognised using the equity method.

### Resource Denmark ApS

On 12 July Quantafuel Group, through Quantafuel Denmark ApS, sold 50% of the shares in Quantafuel Esbjerg ApS (now: Resource Denmark ApS) to Eurazeo. Eurazeo has committed a total of EUR 40 million to the project. Resource Denmark ApS will therefore no longer be part of the consolidated Quantafuel Group, but recognised as an Equity-accounted investee along with Geminor Invest AS.



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	Geminor Invest AS	Resource Denmark ApS	Total
Book value 1.1.2022	171,806	-	171,806
Share of profit post-tax 2022	14,048	-2,917	11,131
Write down of shares	-105,854	-	-105,854
Investments/disposals	-	84,064	84,064
<b>Book value 31.12.2022</b>	<b>80,000</b>	<b>81,148</b>	<b>161,148</b>

A summary of the financial information on the individual associated companies, are based on 100% figures:

(Amounts in NOK thousand)	Geminor Invest AS	Resource Denmark ApS
Total revenue	1,926,746	-
Profit from continued operations	35,120	-19,210
Post-tax profit for discontinued operations	-	-
Other income and expenses	-	-
Comprehensive income	35,120	-19,210
<b>The Groups share of comprehensive income</b>	<b>14,048</b>	<b>-2,917</b>
Current assets	327,981	179,307
Non-current assets	299,459	423,428
Current liabilities	370,441	47,860
Non-current liabilities	54,792	386,741
<b>Equity</b>	<b>202,206</b>	<b>168,134</b>

Please note that Geminor Invest AS is according to NGAAP and Resource Denmark ApS is set up based on Danish GAAP. The excess value given includes items converted into IFRS.



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## Note 26 Segment reporting

Quantafuel develops technology that contributes to solving the global waste problem. The Company has as per 31 December 2022 only one defined business segment, and as the financial statement is consistent with the internal financial reporting and thus is equal to the Income Statement, Statement of Financial Position and Cash flow statement, no further disaggregation has been provided. The Group's assessment of segment reporting will be reviewed on a continuous basis.

The table below shows the total revenue for the Group, broken down by the biggest customers:

All amounts in thousand NOK	2022	2021
<b>External sales</b>	49,223	4,456
<i>Broken down by Group companies</i>		
Quantafuel Skive APS	17,753	-
Quantafuel ASA	18,617	-
Quantafuel Kristiansund AS	12,887	-
<b>Total sale</b>	49,223	-
<i>Broken down by sale to major customers</i>		
BASF	29,298	-
Logistikk Og Baseservice AS	8,318	-
Avinor AS	4,000	-
Equinor Energy AS	959	-
<b>Total sale</b>	<b>42,575</b>	



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## **Note 27 Commitments and contingencies**

### *Government grants*

The Group has received government grants from Enova SF. As at the balance sheet date the Group have received a total of NOK 1.6 million under these grants, as presented in note 20. If the projects should not be completed as described in the applications to Enova SF, the grants, plus interest from the date of disbursement by Enova, are repayable by the Group.

In relation to establish a Biomass-to-Liquid (BtL) plant in Norway, the Group signed an agreement with Avinor 18 June 2019. Group received NOK 8 million as prepayment for deliveries from the BtL plant. The Buyer of the BtL have the right to be compensated with PtL diesel fuel produced at the plant in Denmark. Deliveries will be priced at market prices. Both the Group and the Buyer is entitled to terminate the agreement with 12 months' notice. If terminated by the Group, any prepayments are repayable in full.

### *Agreement with BASF*

Under the investment agreement with BASF, BASF has the right of first refusal to all pyrolysis oil and purified hydrocarbons from the Skive Plant for a minimum of 4 years after start-up of the production.

## **Note 28 Related party disclosures**

The "Collaboration agreement" between BASF and Quantafuel was signed 17 March 2020 relating to developing the "plastic-to-liquid" technology. The Parties are expected to make equivalent contributions to the development project, e.g. in the form of expertise, man hours, resources, financing, etc. Total project cost for 2022 in relation to collaboration agreement is EUR 1,2 million of which BASF covered half, EUR 0,6 million (2021: BASF covered EUR 2,6 million of EUR 5,3 million).

During 2022 the Quantafuel group has received services relating to waste handling and logistics from the Geminor Group amounting to NOK 0.5 million in Norway and DKK 11.2 million in Skive. In 2021 the Group bought services from Geminor for NOK 8.9 million. All transactions have been done at arm lengths.

## **Note 29 Standards issued but not yet effective**

There are no new or amended standards or interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements that are expected to have a significant impact on the Group's consolidated financial statements.

## **Note 30 Events after the balance sheet date**

On 10 January 2023 Quantafuel Group established a new company in the UK, Quantafuel Rosyth Ltd. This will be a fully owned subsidiary of Quantafuel UK Ltd.

The shares in Geminor Invest were sold after the balance sheet date on 20 April 2023 for a value of NOK 80 million. This has led to a write-down of NOK 104 million in the 2022 accounts. The sale of the shares in Geminor was a condition in the Offer from Viridor but also a strategic choice to raise capital for the company.

The group announced a strategic review in October 2022 to review its options to finance the roll out of its next generation MkII Plastic to liquid plants. Through a thorough process supported by ABG SC as advisors, the company has received an offer from Viridor Ltd on 28 February to purchase all shares in the company.



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Viridor confirmed on 24 April that the remaining condition of 90% acceptance level for completing the offer has been waived. A last and final extension to accept the offer has been set at 28 April and settlement of the shares accepted is expected on or about 5 May 2023. An invitation for an extraordinary general meeting on May 12 is sent to all shareholders on the 24 April where the intention is that Viridor will assume control of the group.



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Quantafuel ASA

Financial statements

31 December 2022



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**QUANTAFUEL ASA**  
**INCOME STATEMENT**  
**1 JANUARY - 31 DECEMBER**

(Amounts in NOK thousands)	Note	2022	2021
<b>Operating revenue</b>	2	<b>37,274</b>	<b>12,737</b>
Share of net income in equity-accounted investees	15	- 91,806	<b>3,954</b>
<b>Total revenue</b>		<b>- 54,532</b>	<b>16,691</b>
<b>Cost of materials</b>		<b>16,690</b>	<b>84,730</b>
Salaries and personnel costs	3	78,789	44,717
Depreciation and amortisation	7.13	5,561	3,422
Other operating expenses	4	54,786	44,587
<b>Operating profit (loss)</b>		<b>- 210,357</b>	<b>- 160,765</b>
Finance income		47,463	220,770
Finance expense		51,351	7,966
<b>Net financial items</b>	5,14	<b>- 3,888</b>	<b>212,803</b>
<b>Profit (loss) before tax</b>		<b>- 214,245</b>	<b>52,038</b>
Income tax expense	6	-	-
<b>Profit (loss) for the period</b>		<b>-214,245</b>	<b>52,038</b>

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

	Note	2022	2021
<b>Profit for the period</b>		<b>-214,245</b>	<b>52,038</b>
Other comprehensive income:		-	-
Translation differences, net		-	-
<b>Total comprehensive profit (loss)</b>		<b>-214,245</b>	<b>52,038</b>



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

(Amounts in NOK thousands)	Note	2022	2021
<b>ASSETS</b>			
Intangible assets	7	31,476	32,437
Property plant and equipment	7	3,797	2,856
Right-of-use asset	13	13,770	16,083
Shares in subsidiaries	8	364,545	273,893
Equity acc. Investee	8.15	80,000	171,806
Other non-current assets	14	570,134	79,929
<b>Total non-current assets</b>		<b>1,063,721</b>	<b>577,003</b>
Accounts receivable	9,10,14	34,548	35,868
Other receivables	9,10,14	10,025	221,921
Cash and cash equivalents	11	99,999	243,294
<b>Total current assets</b>		<b>144,572</b>	<b>501,084</b>
<b>Total assets</b>		<b>1,208,293</b>	<b>1,078,087</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		1,658	1,490
Share premium		2,310,588	1,888,030
Other paid-in capital		8,764	18,453
Retained earnings		-1,190,746	-976,501
<b>Total equity</b>		<b>1,130,264</b>	<b>931,472</b>
Long-term leasing liability	9.13	11,856	14,285
<b>Total non-current liabilities</b>		<b>11,856</b>	<b>14,285</b>
Short-term leasing liability	9.13	3,254	2,766
Accounts payable	12,14	15,702	27,468
Other current liabilities	12	47,217	102,097
<b>Total current liabilities</b>		<b>66,172</b>	<b>132,331</b>
<b>Total equity and liabilities</b>		<b>1,208,293</b>	<b>1,078,087</b>

Oslo, 27 April 2023

<b>Thorleif Enger</b> Board member	<b>Ann-Christin Andersen</b> Chairperson of the Board	<b>Maximilian Walter</b> Board member
<b>Wenche Teigland</b> Board member	<b>Anette Knoph Lerø</b> Board member	<b>Majken Margrethe Smith</b> Board member
<b>Kasper Bech Trebbien</b> Board member	<b>Petter Dragsund</b> Board member	<b>Lars Rosenløv Jensen</b> CEO



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**QUANTAFUEL ASA**  
**STATEMENT OF CASH FLOWS**  
**1 JANUARY - 31 DECEMBER**

(Amounts in NOK thousands)	2022	2021
<b>Profit (loss) before tax</b>	<b>-214,245</b>	<b>52,038</b>
Net income from equity accounted investees	-12,365	-
Depreciation and amortisation	5,561	3,422
Taxes paid	-	-
Share-based payment expense	8,764	11,404
Write down of shares	143,261	-
Changes in accounts receivables	-1,320	21,494
Changes in accounts payable	-11,766	19,231
Changes in intercompany balances	-428,238	-
Changes in leasing obligations	-1,941	-
Net financial items	3,888	-216,757
Changes in working capital and other accruals	-3,867	-147,229
<b>Net cash flows from operating activities</b>	<b>-512,267</b>	<b>-337,847</b>
Purchase of property, plant and equipment	-2,075	-665
Capex projects	-2,666	-50,199
Purchase of intangible asset	-115	-2,087
Investments	-26,596	-53,259
Dividend	-	4,000
Interest income	3,789	1,012
<b>Net cash flows from investment activities</b>	<b>-27,662</b>	<b>-101,198</b>
Capital placement	404,544	3,157
Payments of lease liabilities	- 4,205	-3,009
Interest expenses paid	- 3,706	-81
<b>Net cash flows from financing activities</b>	<b>396,633</b>	<b>67</b>
<b>Net change in cash and cash equivalents</b>	<b>-143,296</b>	<b>-438,979</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>243,294</b>	<b>682,274</b>
<b>Cash at cash equivalents at end of period</b>	<b>99,999</b>	<b>243,294</b>



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**QUANTAFUEL ASA**  
**STATEMENT OF CHANGES IN EQUITY**  
**1 JANUARY - 31 DECEMBER**

(Amounts in NOK thousands)	Share capital	Share premium	Other paid in capital	Retained earnings	Total
<b>Equity at 31 December 2020</b>	<b>1,358</b>	<b>1,373,496</b>	-	<b>-1,028,539</b>	<b>346,315</b>
Profit (loss)	-	-	-	52,038	52,038
Increase in share capital	132	521,582	-	-	521,714
Currency gain in regards to equity increase	-	-	-	-	-
Share-based payments	-	11,404	-	-	11,404
<b>Equity at 31 December 2021</b>	<b>1,490</b>	<b>1,906,483</b>	-	<b>-976,501</b>	<b>931,471</b>
Reclassification of Share-based payment	-	-18,453	18,453	-	-
Reclassification of translation differences from prev. years	-	-	-	-	-
<b>Restated Equity as at 1 January 2022</b>	<b>1,490</b>	<b>1,888,030</b>	<b>18,453</b>	<b>-976,501</b>	<b>931,472</b>
Profit (loss)	-	-	-	-214,245	-214,245
Increase in share capital	168	417,255	-	-	417,423
Currency gain in regards to equity increase	-	-13,150	-	-	-13,150
Share-based payments	-	-	8,764	-	8,764
<b>Equity at 31 December 2022</b>	<b>1,658</b>	<b>2,292,135</b>	<b>27,217</b>	<b>-1,190,746</b>	<b>1,130,264</b>



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## QUANTAFUEL ASA - Notes to the parent company financial statements for 2022

(All amounts stated in tables in NOK thousands unless otherwise stated)

### Note 1 Corporate information and basis of preparation

The financial statements for Quantafuel ASA (the Company) have been prepared in accordance with International Financial Reporting Standards as approved by the EU. In cases where the notes for the Company are significantly different from the notes for the Group, these are provided below. Reference is made otherwise to the information in the notes for the Group.

#### 1.1 Revenue from contracts with customers

Revenue from contracts with customers, recognising revenues over time by measuring cost passed in relation to full satisfaction of the performance obligation. When it is probable that contract costs will exceed the total contract revenue, the expected loss is recognised as an expense immediately in accordance with IAS 37.

#### 1.2 Changes in accounting policies and disclosures

No changes in accounting policies or amendments to estimates or assumptions have been made in 2022.

### Note 2 Revenue from contracts with customers

(Amounts in NOK thousands)	2022	2021
Revenue from contracts with customers	32,239	10,470
Other revenue	5,035	2,267
<b>Total revenue</b>	<b>37,274</b>	<b>12,737</b>

Revenue from contracts with customers of NOK 10.47 million (2021: NOK 10.47 million) is all related to the Quantafuel Skive project in Denmark.

Other revenue in 2022 consists of NOK 1.035 million relating to the Care Plast Norge (Waste Norway) project with Forskningsrådet and NOK 4 million related to a pilot project with Avinor concerning Biomass to Aviation Fuel.

Other revenue in 2021 consists of NOK 0.7 million relating to the Avfall Norge (Waste Norway) project, NOK 0.44 million for case study and NOK 1.12 million relating to the Grønt Punkt Norge project.



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### Note 3 Salary and personnel costs

(Amounts in NOK thousands)	2022	2021
Salaries	68 811	57 520
Pension expenses	3 545	2 972
Social security taxes	10 130	10 177
Share-based payments	8 764	11 404
Accrued social security taxes for share-based payments	-13 949	-16 908
Other benefits	2 880	3 409
Salary costs reclassified as project cost	-1 392	-23 857
<b>Total</b>	<b>78 789</b>	<b>44 717</b>
<b>Full time equivalent employees</b>	<b>57,8</b>	<b>52</b>

The company has a pension contribution plan covering all employees, and this plan complies with the local legal requirements.

### Note 4 Other operating expenses

(Amounts in NOK thousands)	2022	2021
Rent and office	1 587	1 842
IT and other equipment	4 605	4 360
Travel	3 411	1 362
External services	21 913	20 166
R&D	16 578	11 857
Other	6 692	4 999
<b>Total</b>	<b>54 786</b>	<b>44 587</b>

#### Compensation to auditors

(Amounts in NOK thousands)	2022	2021
Statutory audit fee	856	487
Other assurance engagements	57	148
Tax related services	46	28
Other services	72	302
<b>Total</b>	<b>1 032</b>	<b>965</b>



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## Note 5 Financial income and expenses

(Amounts in NOK thousands)	2022	2021
Interest income	22 600	7 819
Interest expenses	-1 702	-1 145
Net foreign currency gains (losses)	12 305	900
Financial items related to convertible loan	-	205 302
Write down subsidiaries	-39 091	-
Other	2 000	-73
<b>Total</b>	<b>-3 888</b>	<b>212 803</b>

## Note 6 Income taxes

The major components of income tax expense:

(Amounts in NOK thousands)	2022	2021
Current income tax charge	-	-
Change in deferred tax	-	-
<b>Tax expense (income)</b>	<b>-</b>	<b>-</b>

Reconciliation of tax expense and profit (loss) before tax:

	2022	2021
Profit (loss) before tax	-214,245	52,038
Permanent differences	89,236	59
Change in temporary differences	6,522	-257,480
Losses to be carried forward	118,487	205,383
<b>Base for Tax payable</b>	<b>-</b>	<b>-</b>
<b>Calculated tax payable (22%)</b>	<b>-</b>	<b>-</b>
<b>Deferred tax assets (liabilities) relate to the following:</b>	<b>2022</b>	<b>2021</b>
Property Plant and Equipment	11,067	8,903
Construction Contracts	-468,092	-466,503
Financial Lease	-1,340	-968
Other Provisions	-27,427	-20,703
Tax loss carryforwards	-652,894	-534,407
Disallowed Interest deductions	-10,863	-10,863
<b>Total temporary Differences</b>	<b>-1,149,549</b>	<b>-1,024,541</b>
Calculated deffered tax asset/liability	-252,901	-225,399
Deferred tax assets not recognised	252,901	225,399
<b>Net deferred tax assets (liabilities) in balance sheet</b>	<b>-</b>	<b>-</b>



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## Note 7 Intangible and tangible assets

(Amounts in NOK thousands)	Development cost	Acquired patents and rights	Total intangibles	Machinery and equipment
<b>Acquisition cost 1 January 2021</b>	<b>29 849</b>	<b>1 099</b>	<b>30 948</b>	<b>4 320</b>
Additions	1 986	101	2 087	665
Disposals	-	-	-	-
Reclassification	-	-	-	-
Exchange differences	-	-	-	-
<b>Acquisition cost 31 December 2021</b>	<b>31 835</b>	<b>1 200</b>	<b>33 035</b>	<b>4 985</b>
<b>Acquisition cost 1 January 2022</b>	<b>31 835</b>	<b>1 200</b>	<b>33 035</b>	<b>4 985</b>
Additions	-	115	115	2 075
Disposals	-	-	-	-
Reclassification	-	-	-	-
Exchange differences	-	-	-	-
<b>Acquisition cost 31 December 2022</b>	<b>31 835</b>	<b>1 315</b>	<b>33 150</b>	<b>7 060</b>
<b>Accumulated depreciation 1 January 2021</b>	<b>-</b>	<b>512</b>	<b>512</b>	<b>1 234</b>
Depreciation	-	87	87	896
Disposals	-	-	-	-
Impairment	-	-	-	-
Reclassification	-	-	-	-
Exchange differences	-	-	-	-
<b>Accumulated depreciation 31 December 2021</b>	<b>-</b>	<b>599</b>	<b>599</b>	<b>2 130</b>
<b>Accumulated depreciation 1 January 2022</b>	<b>-</b>	<b>599</b>	<b>599</b>	<b>2 130</b>
Depreciation	973	103	1 076	1 134
Disposals	-	-	-	-
Impairment	-	-	-	-
Reclassification	-	-	-	-
Exchange differences	-	-	-	-
<b>Accumulated depreciation 31 December 2022</b>	<b>973</b>	<b>702</b>	<b>1 675</b>	<b>3 264</b>
<b>Net book value 31 December 2021</b>	<b>31 835</b>	<b>601</b>	<b>32 437</b>	<b>2 856</b>
<b>Net book value 31 December 2022</b>	<b>30 862</b>	<b>613</b>	<b>31 476</b>	<b>3 797</b>
Useful life	20 years	10 years		3-15 years
Depreciation	Straight line	Straight line		Straight line



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## Note 8 Subsidiaries and joint ventures

(Amounts in NOK thousand)

Entity	Eierandel	Principal activities	Country	2022	2021
Quantafuel Skive ApS	100%	Production	Denmark	233,157	133,799
Quantafuel Oslo AS	100%	Dormant	Norway	30	30
Quantafuel Sweden AB	100%	Active	Sweden	1,289	249
Quantafuel UK Ltd	100%	Active	UK	19,518	19,404
Quantafuel Kristiansund AS	100%	Production	Norway	108,868	103,999
Quantafuel Cheshire Ltd	100%	Active	UK	115	1
Quantafuel Sunderland Ltd	100%	Active	UK	1,430	16,001
Quantafuel Denmark Aps	100%	Active	Denmark	136	136
Quantafuel Aalborg Aps	100%	Active	Denmark	-	136
Resource Denmark ApS	50% / 100%	Active	Denmark	-	136
Next Gen Energy S.A. de C.V.	50%	Dormant	Mexico	-	-
Geminor Invest AS	40%	Active	Norway	80,000	171,806
Total carrying amount				<b>444,545</b>	<b>445,699</b>

As per end of December 2022, Quantafuel AS holds 40 % of the shares in Geminor invest AS. On April 17, Quantafuel agreed to sell these shares back to the founders of Geminor Invest AS. The agreed price for all the shares amounted to MNOK 80. Please refer to note 15 for more details.



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## Note 9 Financial assets and liabilities

(Amounts in NOK thousand)

		31.12.2022	31.12.2021
<b>Debt instruments at amortised cost:</b>			
Trade and other receivables		44 573	257 789
<b>Sum financial assets</b>		<b>44 573</b>	<b>257 789</b>
<b>Total current</b>		<b>44 573</b>	<b>257 789</b>
<b>Total non-current</b>		<b>-</b>	<b>-</b>
	Interest rate	31.12.2022	31.12.2021
<b>Current interest-bearing liabilities</b>			
Lease liabilities	8.5%	3 254	2 766
<b>Total current</b>		<b>3 254</b>	<b>2 766</b>
<b>Non-current interestbearing loans:</b>			
Lease liabilities	8.5%	11 856	14 285
<b>Total non-current</b>		<b>11 856</b>	<b>14 285</b>
<b>Total interest-bearing liabilities</b>		<b>15 111</b>	<b>17 052</b>
Other financial liabilities at amortized cost:			
		31.12.2022	31.12.2021
Trade and other payables		62 919	129 565
<b>Total current</b>		<b>62 919</b>	<b>129 565</b>
<b>Total non-current</b>		<b>-</b>	<b>-</b>

## Maturity Profile

(Amounts in NOK thousand)

Year ended 31 December 2022	Less than 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
Interest-bearing liabilities (excluding those below)	-	-	-	-	-
Lease liabilities	814	2 440	11 856	-	15 110
Accounts payable	15 702	-	-	-	15 702
Other current liabilities	-	-	-	-	-
<b>Total</b>	<b>16 516</b>	<b>2 440</b>	<b>11 856</b>	<b>-</b>	<b>30 812</b>



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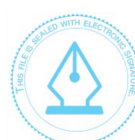
Year ended 31 December 2021	Less than 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
Interest-bearing liabilities (excluding those below)	-	-	-	-	-
Convertible loan	-	-	-	-	-
Lease liabilities	656	2 110	14 285	-	17 051
Accounts payable	27 468	-	-	-	27 468
Other current liabilities	-	-	-	-	-
<b>Total</b>	<b>28 124</b>	<b>2 110</b>	<b>14 285</b>	<b>-</b>	<b>44 519</b>

## Fair values

(Amounts in NOK thousand)

	31.12.2022	31.12.2022	31.12.2021	31.12.2021
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial liabilities</b>				
Interest-bearing loans and borrowings:	-	-	-	-
Leasing liability (note 13)	15,110	15,110	17,051	17,051
<b>Total</b>	<b>15,110</b>	<b>15,110</b>	<b>17,051</b>	<b>17,051</b>

Fair Value measurement	31.12.2022	31.12.2021
<b>Balance sheet as of 01.01</b>	-	-439,778
Gains and losses recognised in the current profit and loss statement	-	205,302
Exchange rate effect on fair value	-	847
Purchase, sale, issue and settlement	-	233,629
Amounts transferred to and from level 3	-	-
Unrealised profit (loss) recognised in other comprehensive income (OCI)	-	-
<b>Balance sheet as of 31.12</b>	<b>-</b>	<b>-</b>



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**Note 10: Trade and other receivables**

(Amounts in NOK thousand)

	2022	2021
Trade receivables	34 548	35 868
Provision for expected losses	-	-
<b>Net trade receivables</b>	<b>34 548</b>	<b>35 868</b>
(Trade receivables in 2021 includes intercompany receivables)		
Contract assets		
Other current receivables	10 025	221 921
<b>Total current receivables</b>	<b>44 573</b>	<b>257 789</b>
<b>Age distribution of trade receivables:</b>		
	2022	2021
Trade receivables not due	10 585	-
Up to 30 days	16 985	5 395
Between 30 and 90 days	-	-
Above 90 days	8 018	30 473
<b>Total</b>	<b>35 588</b>	<b>35 868</b>
<b>Trade and other current receivables by currency:</b>		
(Amount currency stated in NOK)	2022	2021
NOK	21 257	158 858
SEK	11	602
DKK	2 192	5 630
EUR	16 135	17 281
USD	894	75 418
GBP	4 084	-
<b>Total current receivables</b>	<b>44 573</b>	<b>257 789</b>



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## Note 11: Cash and cash equivalents

(Amounts in NOK thousand)

	2022	2021
Cash and bank deposits	96 725	240 034
Restricted cash	3 274	3 260
<b>Total</b>	<b>99 999</b>	<b>243 294</b>

Restricted cash include cash deposited as security for employee tax withholdings.

Cash and cash equivalents per currency

	2022	2021
NOK	93 657	242 969
DKK	580	50
USD	153	5
EUR	5 609	269
<b>Total</b>	<b>99 999</b>	<b>243 294</b>

## Note 12 Trade and other payables

(Amounts in NOK thousand)

	2022	2021
Accrued commissions	14 880	26 693
Intercompany liabilities	822	775
Other current liabilities	47 217	102 097
<b>Total other current liabilities</b>	<b>62 919</b>	<b>129 565</b>

Other current liabilities by currency:

	2022	2021
NOK	54 850	109 372
DKK	200	18 003
EUR	7 390	1 860
SEK	389	294
GBP	87	36
CHF	3	-
<b>Total other current payables</b>	<b>62 919</b>	<b>129 565</b>



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## Note 13 Leases

Below are the carrying amounts of right-of-use assets recognised and movements during the period. All items are office buildings.

(Amounts in NOK thousands)	2022		2021	
Right of use assets	Property and plant	Total	Property and plant	Total
Balance at 01 January	16 083	16 083	12 718	12 718
Depreciations*	-3 351	-3 351	-2 439	-2 439
Additions	173	173	-	-
Adjustments	865	865	5 805	5 805
Balance at 31 December	13 770	13 770	16 083	16 083

Lease liabilities	2022	2021
Maturity analysis - contractual undiscounted cash flows		
Less than one year	4 307	4 002
One to five years	13 316	16 009
More than five years	-	667
<b>Total undiscounted lease liabilities at 31 December</b>	<b>17 623</b>	<b>20 678</b>
	<b>15</b>	<b>17</b>
<b>Lease liabilities included in the statement of financial position at 31 December</b>	<b>110</b>	<b>051</b>
Current	3 254	2 776
Non-current	11 856	14 285
<b>Sum</b>	<b>15 110</b>	<b>17 061</b>
<b>Amounts recognised in profit or loss</b>	<b>2022</b>	<b>2021</b>
Interest on lease liabilities	1 302	1 138
Depreciation of right-of-use assets	3 351	2 439
Gains (-) and losses (+) due to terminations, purchases, impairments, and other changes	-	-
Variable lease payments not included in the measurement of lease liabilities	-	-
Income from sub-leasing right-of-use assets	-	-
Expenses relating to short-term leases	-	-
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	-	-

Amounts recognised in the statement of cash flow	2022	2021
Total cash outflow for leases	4 282	3 009

Additional information / sensitivity analysis	2022	2021
Options to extend not yet committed to, discounted liability effect	-	-
Excluding options to extend committed to but not yet started, discounted liability effect	-	-
Options to terminate not yet committed to, discounted liability effect	-	-
Excluding options to terminate committed to but not yet occurred, discounted liability effect	-	-
Residual value guarantees not included in the measurement of lease liabilities	-	-
Leases not yet commenced to which the lessee is committed	-	-
Effect on lease liabilities if the discount rate increases by 1 %	- 251	- 351
Effect on lease liabilities if the discount rate decreases by 1 %	260	365



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Other information	2022	2021
Estimated residual value guarantees included in the maturity analysis		
Purchase options included in the maturity analysis		
The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the statement of financial position	8,48 %	8,48 %

Control of the discounted lease liability	2022	2021
Total undiscounted lease liabilities at 31 December	17 624	20 678
Lease liabilities included in the statement of financial position at 31 December	15 110	17 051
Difference	2 514	3 627
Control: remaining interest	2 514	3 627



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## Note 14 Related party disclosures

Under an agreement with its fully owned subsidiary Quantafuel Skive Aps the Company delivered a turn-key plant in 2022 for the conversion of plastic waste into environmentally friendly fuels and chemicals at a fixed price of USD 12 million.

Intercompany balances with other entities within the Quantafuel Group are shown in the following tables below.

Intercompany balances		As per December 31. 2022		
All amounts in NOK thousands				
Group Company	Quantafuel ASA's ownership	Long Term receivables	Accounts receivables	Intercompany payables
Quantafuel Oslo AS	100%	-	18,023	-
Quantafuel Skive APS	100%	210,165	557	-
Quantafuel Denmark Aps	100%	279,396	4,361	172
Quantafuel Aalborg Aps	100%	11,275	-	-
Quantafuel Sweden AB	100%	11	7,773	-
Quantafuel Kristiansund AS	100%	22	-	-
Quantafuel UK cons	100%	10,146	-	650
Resource Denmark ApS	50%	-	1,858	-
<b>Total</b>		<b>511,015</b>	<b>32,571</b>	<b>822</b>

Transactions with related Parties		FY 2022			
All amounts in NOK thousands					
Group Company	Quantafuel ASA's ownership	Revenues	Expenses	Interest income	Interest expenses
Quantafuel Skive Aps	100%	-	-	6,859	-
Quantafuel UK Ltd	100%	-	-	165	-
Quantafuel Skive Aps	100%	-	-	3	-
Quantafuel Kristiansund AS	100%	-	-	22	-
Quantafuel Denmark Aps	100%	-	-	9,045	-
Quantafuel Aalborg Aps	100%	-	-	22	-
Geminor AS	40 % (via Associate via Geminor Invest AS)	-	-	329	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>16,445</b>	<b>-</b>

Intercompany balances		As per December 31. 2021		
All amounts in NOK thousands				
Group Company	Quantafuel ASA's ownership	Other Receivables	Accounts receivables	Intercompany payables
Quantafuel Oslo AS	100%	-	17,986	267
Quantafuel Skive APS	100%	99,359	-	508
Quantafuel Denmark Aps	100%	136	-	-
Quantafuel Aalborg Aps	100%	13,092	-	-
Quantafuel Sweden AB	100%	-	602	-
Quantafuel AB	100%	-	-	-
Quantafuel Kristiansund AS	100%	-	-	-
Quantafuel UK cons	100%	2,033	-	-
Geminor AS	40 % (via Associate via Geminor Invest AS)	-	-	3,928
<b>Total</b>		<b>114,619</b>	<b>18,587</b>	<b>4,703</b>

Transactions with related Parties		FY 2021			
All amounts in NOK thousands					
Group Company	Quantafuel ASA's ownership	Revenues	Expenses	Interest income	Interest expenses
Quantafuel Kristiansund AS	100%	-	-	6,808	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>6,808</b>	<b>-</b>



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## Note 15 Investment in Associate

### *Geminor Invest AS*

Geminor Invest AS is a limited company located in Karmøy, Norway. Geminor Invest AS holds 100% of the shares in Geminor AS, a market leader in waste trading, logistics and sorting.

Quantafuels ASA holds 40 % of the total shares in Geminor Invest AS as per December 31, 2022, and this investment is recognised in the books of Quantafuel ASA using the equity method.

The booked value as per December 31, 2022 is based on the information that Quantafuel AS has agreed to sell all the shares in Geminor Invest AS for MNOK 80, back to the initial founders of the company. This agreement was settled on April 17, 2023.

As this agreement represents a determined price for the shares, this would represent the best estimate on the value of the shares in the balance sheet of Quantafuel as of December 31, 2022.

Based on an overall assessment where size and complexity are considered, Geminor Invest AS is regarded to be a significant associate. Further information regarding this company is disclosed below.

	<b>Geminor Invest AS</b>
Book value 1.1.2022	171,806
Share of profit post-tax 2022	14,048
Write down of shares	-105,854
Investments/disposals	-
<b>Book value 31.12.2022</b>	<b>80,000</b>

<b>(Amounts in NOK thousand)</b>	<b>Geminor Invest AS</b>
Total revenue	1,926,746
Profit from continued operations	35,120
Post-tax profit for discontinued operations	-
Other income and expenses	-
Comprehensive income	35,120
<b>The Groups share of comprehensive income</b>	<b>14,048</b>

Current assets	327,981
Non-current assets	299,459
Current liabilities	370,441
Non-current liabilities	54,792
<b>Equity</b>	<b>202,206</b>



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## Note 16 Commitments and contingencies

The Company has given a parent company guarantee in respect of the loans from Danmarks Grønne Investeringsfond to Quantafuel Skive ApS. In addition, the Company has guaranteed to cover operating deficits in Quantafuel Skive ApS until and including 2023.

At 31 December 2022 Quantafuel Kristiansund AS was in breach of a covenant related to the working capital requirement for the loan from Sparebank 1 SMN. The Covenant requirement is a positive working capital of NOK 2.5 million. The company has received a signed waiver from the bank and have replaced the working capital covenant with a corporate guarantee of NOK 10 million related to the loan.

## Note 17 Contract liabilities

Contract liability relates to consideration received in advance of performance under revenue contracts with customers, here the Skive Plant. Revenue and related expenses are recognized as Quantafuel ASA fulfils its performance obligation under the contract.

As the contract revenue is set at a fixed price, USD 12 million, the costs relating to the completion of the plant has been recognised when occurred through P&L. The revenue relating to the costs has been recognised as a percentage of total costs when they occur.

The amount of cost and revenue recognised in the period due to fulfilment of performance obligation is presented in the table below:

(Amounts in NOK thousand)	2022	2021
<b>Changes in contract revenue related to performance obligations</b>		
Previously booked revenue	103,562	101,871
New revenue booked	3,865	-
Currency exchange	10,026	1,691
<b>Total revenue contract</b>	<b>117,453</b>	<b>103,562</b>
Performance revenue satisfied in the period	13,890	10,470
Performance revenue satisfied in previous periods	100,497	90,027
<b>Total</b>	<b>114,387</b>	<b>100,497</b>
<b>Revenue yet to be booked</b>	<b>356</b>	<b>3,066</b>
	<b>2022</b>	<b>2021</b>
Changes in contract liabilities related to performance obligations		
Amounts included in contract liabilities at the beginning of the year	584,296	545,296
New contract liabilities - Extra loss for the period	-	39,000
<b>Total cost of the plant</b>	<b>584,296</b>	<b>584,296</b>
Performance obligations satisfied in the period	15,480	85,105
Performance obligations satisfied in previous periods	566,999	481,894
<b>Total</b>	<b>582,479</b>	<b>566,999</b>
<b>Costs remaining for this project</b>	<b>1,817</b>	<b>17,297</b>



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#### **Note 18 Subsequent events**

The group announced a strategic review in October 2022 to review its options to finance the roll out of its next generation MkII Plastic to liquid plants. Through a thorough process supported by ABG SC as advisors, the company has received an offer from Viridor Ltd on 28 February to purchase all shares in the company. The Offer process is ongoing, and the Offer is extended until 14 April. Viridor's remaining conditions to fulfil the offer is to receive 90% acceptance of the offer and that Quantafuel sells its 40% shareholding in Geminor Invest AS. The sale of the shares in Geminor invest is a process the company is in control of.



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**Quantafuel ASA**

(Euronext Growth: **QFUEL**)

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To the General Meeting of Quantafuel ASA

**Independent Auditor's Report***Opinion*

We have audited the financial statements of Quantafuel ASA, which comprise:

- the financial statements of the parent company Quantafuel ASA (the Company), showing a loss of NOK 214 245 000 , which comprise the balance sheet as at 31 December 2022, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Quantafuel ASA and its subsidiaries (the Group), showing a loss of NOK 384 439 000 , which comprise the balance sheet as at 31 December 2022, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows 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 statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its 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 as required by 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.

*Other Information*

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

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## Independent Auditor's Report 2022 for Quantafuel ASA

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statement on Corporate Social Responsibility.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view 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 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to: <https://revisorforeningen.no/revisjonsberetninger>

Oslo, 27 April 2023  
RSM Norge AS

Lars Løyning  
State Authorised Public Accountant  
(This document is signed electronically)

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## Lars Løyning

### Partner

På vegne av: RSM Norge AS

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