

BOARD RECOMMENDATION

QUANTAFUEL ASA

STATEMENT FROM THE BOARD OF DIRECTORS

1 INTRODUCTION

This statement is made by the Board of Directors (the "**Board**") of Quantafuel ASA (the "**Company**") in connection with an voluntary cash offer by Harald Norway Bidco AS (the "**Bidder**") to acquire all issued and outstanding shares in the Company on a fully diluted basis (the "**Offer**") on terms as further set out in the offer document which will be published by the Bidder in relation the Offer (the "**Offer Document**"). The Bidder is a wholly owned subsidiary of Viridor Limited ("**Viridor**"), which in turn is controlled by funds advised by Kohlberg Kravis Roberts & Co. L.P. ("**KKR**") or its Affiliates. This statement is to be attached to the joint announcement by the Bidder and the Company of the Offer.

2 BACKGROUND

Following the announcement of the strategic review on 12 October 2022, the Company's management and Board have, together with its financial advisor, ABG Sundal Collier ASA, diligently conducted a broad process targeting potential strategic and/or financial partners to secure a long-term financing solution for the Company to the benefit of the Company and its shareholders. A number of potential investors and partners have been invited for due diligence and to submit proposals within the required timeline. Other alternatives available to the Company have been assessed.

On 28 February 2023, following a non-disclosure undertaking by the Bidder dated 12 December 2022, a non-binding indicative offer by the Bidder dated 26 January 2023, the entering into of a process agreement dated 4 February 2023, with exclusive due diligence and negotiations, and a final offer by the Bidder dated 26 February 2023, the Company and the Bidder entered into a transaction agreement (the "**Transaction Agreement**") pursuant to which the Bidder is launching the Offer on 28 February 2023, with an offer period commencing as soon as practicable after the execution of the Agreement and remaining open for twenty (20) US business days (subject to extensions).

Detailed information about the Offer, including the conditions of the Offer, is included in the Offer Document.

3 ASSESSMENT OF THE OFFER

After careful considerations of the terms and conditions of the Offer and consultations with its financial advisor, the Board has unanimously resolved to recommend that the shareholders of the Company accept the Offer. The Board has based its recommendation on an assessment of various factors, including but not limited to, transaction risk, its assumptions regarding the Company's business and financials, performance and outlook as further discussed below.

A cash consideration of NOK 6.38 will be offered per share, subject to customary reduction by the amount of any dividend or other distributions to the Company's shareholders with a record date prior to completion of the Offer (the "**Offer Price**"). The Offer Price implies a total consideration for all the Company's shares of approximately NOK 1,058 million, based on 165,828,513 shares outstanding as per 28 February 2023.

When recommending the Offer, the Board has considered the Company's challenging financial situation, with a large short-term liquidity shortfall and the need to secure funds before mid Q2 2023 to continue its operations, as further detailed in the operational and financial update presented as part of the Company's Q4 2022 release on 28 February 2023.

After having consulted the Company's financial advisor, the Board believes that the Offer is fair from a commercial and financial point of view to the shareholders of the Company and that the Offer Price represents the highest potential value for the shareholders compared to other solutions available, based on inter alia: (i) the broad strategic review conducted since 12 October 2022 which after discussions with various potential strategic/financial players has resulted in the Offer; (ii) the Company's challenging financial situation; (iii) the understanding of the Board that the Company's largest shareholders, including KIRKBI and BASF, will not participate in an equity increase or debt financing, and that (iv) subject to the outcome of the Offer, the Bidder is committed to secure the Company's short-term financing need as well as invest in the Company to finance new growth projects. The Board notes that Viridor is motivated to build on the platform that the Company has created and support it to deliver its long-term vision and commercialisation of its technology. The Board has further considered the conditional term loan facility to be made available by an affiliate of the Bidder as further described in the joint announcement of the Bidder and the Company for launch of the Offer.

If the condition for acceptance of 90% of the Offer is not met or waived by the Bidder by the end of the offer period, the Board will have to consider alternative options to provide the Company with a short-term financing solution. The Board will closely monitor the liquidity situation and, inter alia, consider the following alternatives: i) to carry out an equity raise in accordance with existing authorisation granted to the Board or subject to an extraordinary general meeting, ii) a potential sale of major assets or iii) a full liquidation of the Company. Based on foreseeable market conditions, the financial situation of the Company and lack of support for further equity from the Company's main shareholders, the Board supported by its financial advisor does not currently deem an equity raise as a viable solution.

In reaching its conclusion to recommend the Offer, the Board also considered the positive effects the Offer might have for the other stakeholders of the Company.

The Board notes that the Bidder has confirmed its intention to support the Company's development plans and growth ambitions. Completion of the transaction contemplated by the Offer will have no legal effect on the terms and conditions of the employees of the Company.

The Company's two largest shareholders, KIRKBI and BASF, representing 20.3% of the shares and both with a representative on the Board, as well as all the Board members and members of senior management of the Company holding shares in the Company, have entered into undertakings to pre-accept the Offer in respect of shares they hold. These pre-acceptances are irrevocable and unconditional and may not be withdrawn under any circumstances, including but not limited to (a) the announcement of a competing offer for the Company's shares at a higher offer price than the Offer Price or (b) the withdrawal by the Board of its recommendation of the Offer. The pre-acceptances shall automatically lapse if (i) the Offer Period has not commenced on or prior to 8 March 2023, (ii) the Transaction Agreement is terminated, (iii) the Bidder announces publicly that it will not complete the Offer, or (iv) the Bidder has not announced that the conditions to the Offer (other than conditions which will continue to apply until completion of the Offer) have been satisfied or waived by 1 August 2023 (as extended, if applicable).

The Company has entered into the Transaction Agreement with the Bidder which governs certain matters relating to the process, conduct of business and material aspects of the Offer. The Board would like to make the shareholders aware that the Company has undertaken not to amend or withdraw its recommendation of the Offer unless it receives a bona fide superior competing offer fulfils certain pre-agreed terms, and that the Board, acting in good faith and taking into account all aspects of such offer, considers it to be more favourable to the shareholders of the Company, and the Bidder does not match the superior offer within five (5) days of having been notified of the competing offer and such competing offer is thereafter recommended by the Board.

The Company will pursuant to the Transaction Agreement also, up to a maximum amount of GBP 2.945 million, be required to compensate the Bidder for the costs and expenses incurred by the Bidder to its

external advisers, if (A) the Board withdraws or amends its recommendation and the Offer lapses or (B) there is a material breach of the Transaction Agreement by the Company and such breach is not cured within the five business days of delivery of a written notice by the Bidder to the Company requesting the Company to cure such breach.

Completion of the Offer will be subject to fulfilment or waiver by the Bidder of completion conditions, including but not limited to shareholders representing more than 90% of the shares having accepted the Offer, any relevant regulatory approvals being obtained and no material adverse change having occurred. As further detailed in the Offer Document, completion of the Offer is also subject to fulfilment or waiver by the Bidder (in its sole discretion) of the Company having completed the sale of all its shares in Geminor Invest AS on terms agreed with the Bidder. The Offer is not subject to any financing or due diligence conditions.

It should be noted that the Bidder has not planned nor will be legally required to make a subsequent mandatory offer for the remaining shares in the Company should the Offer be completed as Euronext Growth is not a regulated marketplace and thus the Norwegian take-over regime as stipulated by the Norwegian Securities Trading Act chapter 6 will not apply to the Offer.

Pursuant to the Norwegian Public Limited Liability Companies Act, the Bidder will have the right to commence a compulsory acquisition for cash of the shares not already owned by the Bidder if the Bidder becomes the owner of shares representing more than 90% of the total number of shares issued by the Company. The Board notes that the Bidder in such case, intends to effectuate a compulsory acquisition upon completion of the Offer. Furthermore, if the Bidder no longer considers the listing of the Company's shares on Euronext Growth appropriate, the Bidder may propose to the general meeting of the Company that the Company shall apply for delisting of its shares from Euronext Growth. The Board notes that the Bidder intends to propose to the general meeting of the Company that an application shall be made to the Oslo Stock Exchange to delist the shares in the Company from Euronext Growth in the event the Offer is completed. An application to delist the shares in the Company would require the approval by 2/3 majority of votes cast and the share capital represented at such general meeting.

The employees of the Company have not made any separate statement regarding the Offer.

Based on the above and the various interests involved, taking into account the Offer Price, the Company's financial condition and other terms of the Offer, the Board has found the Offer made by the Bidder to be in the best interests of the Company and its shareholders, and the Company's employees. Accordingly, the Board recommends the shareholders of the Company accept the Offer. The recommendation by the Board is unanimous.

None of the members of the Board or members of the executive management of the Company or close associates of such individuals has any current or recent affiliation with the Bidder.

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Oslo, 28 February 2023

The Board of Quantafuel ASA

Ann-Christin Gjerdseth Andersen,
Chair of the board

Petter Dragesund,
Deputy chair of the board

Thorleif Enger,
Board member

Maximilian Walter,
Board member

Wenche Teigland,
Board member

Kasper Bech Trebbien,
Board member

Majken Margrethe Smith,
Board member

Anette Knoph Lerø,
Board member