

Quantafuel ASA

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# First Quarter 2023

Consolidated financial statements

Quantafuel ASA



## First quarter report for 2023:

- Viridor becomes controlling shareholder of Quantafuel
- Viridor provides Quantafuel with a NOK 250 million loan facility, but new Equity will be required within Q2
- Quantafuel announces completion of Geminor share sale
- ReSource, Denmark's largest plastic sorting facility, begins installation of main equipment
- Skive is not yet cash positive, but the increase of plastic processed in Q1 was 63% higher compared to Q4 2022
- MK II plants in Dubai and Sunderland continue to progress, but the planned FID in Dubai will be delayed

We have put a challenging, but at the same time, rewarding quarter behind us. Following a broad process to secure a platform for growth for Quantafuel, we are pleased to welcome Viridor as the controlling shareholder of the company as of 5<sup>th</sup> May. Viridor will provide Quantafuel robust foundations for the company's portfolio of growth projects and the two companies complement each other very well. The Board has called for an Extraordinary General Meeting on 12<sup>th</sup> May where Viridor is expected to assume control of the group and elect a new Board of Directors.

With the term loan facility of NOK 250 million in place, the group can manage ongoing commitments until around mid 2023. To finance the needs beyond Q2 2023, the group will need to issue new Equity to finance remaining commitments as well as the development of the MKII projects. The current board which is set to be replaced on May 12<sup>th</sup> recommends that raising new Equity is prioritised as an urgent matter going forward.

Quantafuel is also pleased to report that the construction of ReSource in Esbjerg, Denmark's largest plastic sorting facility, is on schedule. The main structure is complete and installation of the plastic sorting treatment equipment has begun. The plan to commence commercial operations from the first quarter in 2024 is maintained.

In Skive, the focus remains to run three lines in parallel with the fourth line in standby. Although we will not reach positive cash flow for another few months, we see good improvements; During the first quarter, we increased our processing of plastic by 63% compared to the fourth quarter in 2022.

Quantafuel's pipeline projects are progressing well, both in Dubai and in the UK. All our partners are confident that the end results will be plants defining a new standard within plastic recycling.

In Sunderland, the project is targeted to reach financial close in Q1 2024, with the plant starting operations late 2025. In Dubai, the FID decision will be slightly delayed, but work continues to optimise the CapEx, as well as for MKII in general.

## Health, Safety & Environment

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

During Q1, we recorded zero Lost Time Injuries (LTI), neither any accidental releases to the environment.

The company remains committed to ensuring a safe working environment and excellent HSE performance. There is a continuous proactive effort, commitment and focus on prevention of

HSE incidents. Operators, employees, and subcontractors undergo mandatory HSE training, as well as collaboration in a proactive HSE-culture to ensure a safe and healthy working environment.

### **Quantafuel's second-generation plants (MK II)**

Quantafuel's move into the next phase of its strategy is made possible by our second-generation (MK II) process built on all of Skive's well-proven principles and learnings, brought forward by and included in the Dubai FEED study. The result is a plant design at a scale of 80,000 tons of waste plastics feed where key Skive learnings drive improvements in three core areas; namely simplification, redundancy and operability. These improvements will result in plants with higher throughput and lower operating cost per ton of product produced. The MK II concept is modular and scalable and can easily be adapted to the specifics of different sites.

### **Project pipeline**

We are making good progress in the UK. In February 2023, our planning application for a PtL plant in Sunderland was granted. The plant will be able to process more than 100,000 tonnes of low value plastic waste in a sorting step preceding the PtL plant. The project is targeted to reach financial close latest Q1, 2024 with the plant starting operations late 2025. The previously discussed project portfolio development in the UK is progressing with development of further two sites.

The Dubai project has currently progressed the furthest in our PtL portfolio. The front-end engineering design (FEED) study between Saipem and Quantafuel for the consortium in cooperation with DUBAL Holding and BASF has moved into a phase of value engineering to optimise CapEx for both the Dubai plant as well as MK II in general. The latest indications of USD 200-250 million, based on executed FEED work incorporating latest development and market conditions, show a CapEx estimate significantly higher than the initially guided level. Given the circumstances, it is unlikely that we will reach FID in Q2 as originally planned.

We are in dialogue with several interested parties regarding offtake of the oil at required price levels and there is confidence in reaching a CapEx level required for bringing the prospect through FID with an attractive plant economics. All partners are confident that the end result will be a plant defining a new standard within plastic recycling.

The drivers for the CapEx increase compared with the original generic 100 kta plant are a more robust design, including all the experience and learnings from Skive operations to safeguard uptime and capacity, inflation, and increased material cost globally. We expect that there will be cost benefits from the modularised approach for future plants.

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

Although Skive's throughput keeps improving and cost saving initiatives are making an impact, it will still take months to reach positive cash flow from operations.

The focus remains to continuously run three lines in parallel, with the fourth line on cold stand-by and ready for heating when one of the operating lines shows signals indicating a need for 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.

We continue to see good improvements in Skive; During the first quarter 2023, we increased our processing of plastic by 63% compared with the fourth quarter in 2022; to 1,509 tonnes. As previously reported, we have successfully optimised the main driver for use of external energy to power the process, and the focus is now on optimising use of chemicals and additives in the process, as well as minimising need for extraordinary external services

The improved volume output moves us in the direction of a positive cash flow for a full month. However, the continued unfavourable cost effect on our P&L, driven by high energy and feedstock prices, raises the bar on plant performance required for positive cash flow.

Learnings, testing and development continues in parallel with normal operations in Skive to optimise MKII design basis and maximise practical experiences. 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.

### **Kristiansund plant**

The limitation in available feedstock is still restricting 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 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.

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.

### **ReSource Denmark**

The construction of ReSource in Esbjerg, a game-changer for the plastic waste market in Denmark and the country's largest plastic sorting facility, is well under way. In March, we celebrated a major milestone with a topping out ceremony following the completion of the structure of the building. We had the pleasure to mark the occasion with our partners, owners, local businesses, representatives from Esbjerg municipality, including Mayor Jesper Frost Rasmussen, as well as ReSource's Board.

The sorting facility that is designed to sort up to 160,000 tonnes of mixed plastic waste annually into recyclable fractions, is expected to be commissioned at the end of 2023. In May, Eggersmann began the installation of their waste sorting treatment equipment. Although some civil activities are delayed, the plan to commence commercial operations from first quarter 2024 is maintained.

As previously reported, estimated cost at complete has increased due to increased safety level of the plant and general market terms, and is now approximately 20% above initial budgets.

When operational, the facility will employ close to 50 full-time employees. The next phase of the Esbjerg project is planned to include a large-scale PtL plant based on Quantafuel's MK II concept.

## **Market development**

The macroeconomic trend remains supportive for Quantafuel's growth plans. Industrial and retail demand for recycled products is strong. Pricing for waste plastics and recycled materials is stable at a high level.

The L&T agreement with ReSource Denmark, as mentioned above, will aim to supply Skive with sorted household plastics as of next year with terms in line with the business model for the plant.

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

By 2025, the EU and EEA target to recycle 50% of their plastic packaging waste. To reach this goal, European countries will have to substantially increase collection and recycling of plastic packaging waste. For a large fraction of the plastic packaging, Quantafuel's PtL process is a very attractive route to recycling. Quantafuel recycles several different "difficult to recycle" plastic waste feedstocks from public and private actors in the Nordics. This demonstrates that Quantafuel's PtL process is a feasible option for recycling of mixed plastic feedstocks with high yields into products that can then be processed further into virgin quality products.

Quantafuel continues to improve transparency in the waste sector. Third party certifications by ISCC+ and RedCert2 guarantees circular and sustainable production. Our production facilities are digitally integrated. In collaboration with Cognite, we have set up a sustainability dashboard giving us real-time measurement of key factors like energy use, CO2 emissions and water use. These factors are reported back to Quantafuel's customers in a "Bill of Sustainability", which provides them with a proof of recycling and feedback on the quality of the waste.

A solid residue from our PtL process was recently classified as non-hazardous by Skive municipality after an internal assessment supported by a third party evaluation. This by-product had previously been treated as hazardous per Quantafuel's precautionary principles. By classifying it as non-hazardous, Quantafuel demonstrates that our process does not produce hazardous solids and reduces disposal costs substantially. Quantafuel is pursuing several avenues for material recycling of the by-products and expect to realise these as production ramps up.

We have continued recycling surplus gas as the primary energy source in Skive, reducing CO2 emissions by displacing use of natural gas.

## **Environment**

Quantafuel is a sustainable and environmentally friendly alternative to incineration, lowering CO2 emissions by up to two tonnes per tonne plastic recycled.

## **R&D and technology**

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

In Q1 2023, the new continuous lab pilot plant has been installed in our new lab facilities in Malmö and is currently undergoing test runs.

## **Organisation**

The total number of employees at the end of the first quarter was 104.

The Company and Group employees represent a wide diversity in specialisation, 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 today, a total of 19 nationalities are represented in Quantafuel Group among its employees.

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

## **Financial update and status**

Skive continues to improve quarter on quarter with an improved production by 63% from Q4 2022 to Q1 2023. However, the plant is still not close to positive cashflow as production needs to improve the stability and reduce unplanned downtime. At the same time, we are still facing high feedstock costs that is further impacting profitability.

As described in a separate section, Kristiansund is still experiencing challenges in feedstock supply suitable for our mechanical recycling line and actions are in place to improve sourcing. We do not expect the plant to produce positive cashflow until the feedstock issues are solved.

The shares in Geminor invest were sold 20<sup>th</sup> April at a value of NOK 80 million. This led to a write-down of NOK 52 million in the annual accounts 2022. The structure of the agreement is that Quantafuel receives NOK 69 million at the closing of the agreement and a further NOK 11 million after 24 months.

In Esbjerg, the estimated cost at completion, due to increased safety level of the plant and general market terms, has increased and is now approximately 20% above initial budgets. In addition, the NOK has continued to weaken against the EUR and DKK, which weighs further on the costs for Quantafuel ASA.

Per 31<sup>st</sup> March 2023, Quantafuel ASA had a cash position of NOK 101.7 million and NOK 167.5 million including cash deposited with the joint venture ReSource Denmark.

Due to the constraints on the Group's liquidity position, from operating plants still not generating positive cash flow, and the near-term financing commitments to the Esbjerg sorting plant project, the Group needs new financing. The group agreed a term loan of NOK 250 million with Viridor on 28<sup>th</sup> March 2023. So far, the group has made one drawdown on the Loan, of NOK 68.2 million and with an unused facility of NOK 181.8 million. The unused facility is estimated sufficient to cover commitments until around mid 2023.

To finance the needs beyond Q2 2023, the group will need to issue new Equity to raise sufficient funds to finance the remaining commitments of the Esbjerg project, the working capital needs of Skive and Kristiansund, as well as the development of the MKII projects.

The current board which is set to be replaced on May 12<sup>th</sup> recommends that raising new Equity is prioritised as an urgent matter going forward.

Viridor has taken ownership of more than 80% of the shares in the group and is expected through an Extraordinary General Meeting on May 12<sup>th</sup> to assume control of the group and elect a new Board of Directors. Viridor has put forward to the EGM a proposal to delist the company and turn it from a Public limited liability company (ASA) into a private limited liability company (AS).

### **Growth strategy and outlook**

Day by day we are proving that we are in a good position to build a circular economy for plastics in Europe and beyond. Quantafuel is leading the way in chemical recycling and together with Viridor, we will be well positioned for future growth and to take on the next chapter of our journey.

EU's Green Deal requiring 50% recycling by 2025 is an important accelerator for plastic recycling. Together with anticipated increased taxes on CO2 emissions, this will incentivise industrial companies to recycle more plastic waste as well as increase the demand for chemically recycled pyrolysis oil. 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.

**Quantafuel ASA**  
Oslo, 12<sup>th</sup> May 2023

## Financial review

### Income statement

| Quantafuel Financial Highlights                  | Audited   |           |                |
|--|-----------|-----------|----------------|
|  | Q1 2023   | Q1 2022   | Full year 2022 |
|  | Group     | Group     | Group          |
| Unaudited figures in NOK if not stated otherwise |           |           |                |
| Operating revenue                                | 22,607    | 10,249    | 53,444         |
| Total Income                                     | 21,968    | 12,814    | -47,948        |
| EBITDA   | -55,680   | -52,331   | -290,809       |
| Profit (loss)                                    | -38,609   | -70,722   | -384,438       |
| Total assets                                     | 1,519,696 | 1,776,415 | 1,481,610      |
| Cash & Cash equivalents                          | 101,667   | 577,477   | 121,667        |

Operating revenue of NOK 21.9 million in Q1 2023 includes revenue from our plants in Skive (NOK 13.8 million) and Kristiansund (NOK 3.7 million), in addition to NOK 4.5 million in Quantafuel ASA which relates to the projects in Resource and Dubai, with NOK 3.5 million and NOK 1 million respectively.

Included in total income is the Group's share of net result in Resource Denmark ApS.

EBITDA in Q1 2023 was NOK -55.7 million compared to NOK -52.3 million same period in 2022. Salary costs in Q1 2023 was NOK 32.6 million compared to NOK 23.3 million in Q1 2022. The main factor behind the observed increase in the salary expense for the Group in Q1 2023, compared to Q1 2022, was a reversal of NOK 7 million in Q1 2022 related to option cost.

Other operating expenses in Q1 2023 was NOK 21.8 million compared to NOK 17.8 million in Q1 2022.

Net financial items in Q1 were NOK 32 million, of which NOK 28 million is adjustments in currency exchange towards loans in Denmark, due to weakening of the Norwegian Krone towards the Danish Krone.

Loss for the period Q1 2023 was NOK 38.6 (NOK 70.7 million)



## Statement of Financial position

### Balance Sheet

#### Quantafuel Balance sheet

Unaudited figures in NOK if not stated otherwise

|                               | At 31 March 2023 | At 31 March 2022 | Audited<br>At 31 Dec 2022 |
|-------------------------------|------------------|------------------|---------------------------|
|                               | Group            | Group            | Group                     |
| Total non-current assets      | 1,380,884        | 1,161,571        | 1,309,375                 |
| Total current assets          | 138,812          | 614,843          | 172,235                   |
| Total assets                  | 1,519,696        | 1,776,415        | 1,481,610                 |
| Total equity                  | 1,038,786        | 1,386,345        | 1,078,467                 |
| Total non-current liabilities | 280,726          | 304,964          | 298,828                   |
| Total current liabilities     | 200,183          | 85,106           | 104,315                   |
| Total equity and liabilities  | 1,519,696        | 1,776,415        | 1,481,610                 |

As per 31 March 2023 the Group's equity was NOK 1,039 million (NOK 1,386 million). Cash and cash equivalents amounted to NOK 101.7 million, of which NOK 2.1 million was restricted related to employee tax advance, at the end of March 2023. The cash balance as per end of March last year was NOK 577.5 million, of which NOK 2.1 million was restricted cash.

Total non-current assets at the end of the quarter amounted to NOK 1,380 million (NOK 1,162 million as per end of March 2022). The increase relates to the Skive plant, Kristiansund plant, and costs for FEED and concept development when broadly looking at the last twelve months. In addition, the Group provided a shareholder loan to the Resource Denmark ApS, amounting to NOK 45.6 million in March 2023.

### Skive Operation

(Amounts in NOK thousands)

|              | Q1 2023 | Q1 2022 |
|--------------|---------|---------|
| Revenue      | 13,770  | 2,427   |
| Cost         | 27,990  | 25,104  |
| EBITDA       | -14,220 | -22,677 |
| Depreciation | 3,430   | 1,655   |
| EBIT         | -17,651 | -24,332 |

### Group value Skive Plant

|                   | 3/31/2023 | 12/31/2022 |
|-------------------|-----------|------------|
| Intangible Assets | 163,624   | 163,624    |
| PPE *             | 438,724   | 436,287    |

\* Please refer to note 2

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

|   |          | <b>Q1 2023</b> | <b>Q1 2022</b> | <b>Full year</b> |
|---|----------|----------------|----------------|------------------|
|   |          | <b>Group</b>   | <b>Group</b>   | <b>2022</b>      |
|   |          | Unaudited      | Unaudited      | Group            |
|   |          |                |                | Audited          |
| Operating revenue                                 |          | 22 607         | 10 249         | 53 444           |
| Share of net income in equity-accounted investees |          | -639           | 2 565          | -101 392         |
| Cost of goods sold                                |          | 23 320         | 24 016         | 92 504           |
| Salaries and personnel costs                      | 4        | 32 575         | 23 292         | 114 612          |
| Depreciation and amortisation                     | 2        | 12 748         | 13 763         | 54 152           |
| Other operating expenses                          |          | 21 754         | 17 837         | 87 744           |
| <b>Operating profit (loss)</b>                    |          | <b>-68 429</b> | <b>-66 094</b> | <b>-396 961</b>  |
| Finance income                                    |          | 14             | 14             | 33 737           |
| Finance expense                                   |          | -32 706        | 3 432          | -14 506          |
| <b>Net financial items</b>                        | <b>3</b> | <b>32 720</b>  | <b>-3 418</b>  | <b>19 231</b>    |
| <b>Profit (loss) before tax</b>                   |          | <b>-35 709</b> | <b>-69 512</b> | <b>-377 730</b>  |
| Income tax expense                                |          | -2 901         | 1 210          | -6 708           |
| <b>Profit (loss) for the period</b>               |          | <b>-38 609</b> | <b>-70 722</b> | <b>-384 438</b>  |
| <b>Attributable to:</b>                           |          |                |                |                  |
| Equity holders of the parent                      |          | -38 609        | -70 722        | -384 438         |
| Non-controlling interest                          | 6        | -              | -              | -                |
| Earnings per share, ordinary                      |          | -0,2           | -0,5           | -2,5             |
| Earnings per share, diluted                       |          | -0,2           | -0,5           | -2,4             |

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

|   | <b>Q1 2023</b> | <b>Q1 2022</b> | <b>Full year</b> |
|---|----------------|----------------|------------------|
|   | <b>Group</b>   | <b>Group</b>   | <b>2022</b>      |
|   |                |                | <b>Group</b>     |
| <b>Profit for the period</b>                    | -38 609        | -70 722        | -384 438         |
| Items that may be reclassified to profit (loss) |                |                |                  |
| Translation differences, net                    | -2 869         | -1 102         | 2 133            |
| <b>Total comprehensive profit (loss)</b>        | <b>-41 478</b> | <b>-71 824</b> | <b>-382 305</b>  |
| <b>Attributable to:</b>                         |                |                |                  |
| Equity holders of the parent                    | -41 478        | -71 824        | -382 305         |

|  | Note | At 31 March<br>2023<br>Group | At 31 March<br>2022<br>Group | December<br>2022<br>Group |
|--|------|------------------------------|------------------------------|---------------------------|
|  |      |                              |                              | Audited                   |
| <b>ASSETS</b>  |      |                              |                              |                           |
| Deferred tax asset                                     |      | 20,538                       | 20,704                       | 18,982                    |
| Goodwill   |      | 54,085                       | 54,085                       | 54,085                    |
| Other intangible assets                                |      | 194,920                      | 32,265                       | 195,160                   |
| Property plant and equipment                           | 2    | 571,448                      | 773,368                      | 564,728                   |
| Right-of-use asset                                     |      | 93,662                       | 99,201                       | 92,933                    |
| Equity-accounted investment                            | 6    | 170,282                      | 174,371                      | 161,148                   |
| Investment in associated company                       |      | -                            | -                            | -                         |
| Other non-current assets                               |      | 275,949                      | 7,578                        | 222,339                   |
| <b>Total non-current assets</b>                        |      | <b>1,380,884</b>             | <b>1,161,571</b>             | <b>1,309,375</b>          |
| Inventory  |      | 13,444                       | 4,660                        | 14,873                    |
| Accounts receivable                                    |      | 12,016                       | 6,091                        | 30,233                    |
| Other receivables                                      |      | 11,684                       | 8,298                        | 5,463                     |
| Assets held for sale                                   |      | -                            | 18,318                       | -                         |
| Cash and cash equivalents                              |      | 101,667                      | 577,477                      | 121,667                   |
| <b>Total current assets</b>                            |      | <b>138,812</b>               | <b>614,843</b>               | <b>172,235</b>            |
| <b>Total assets</b>                                    |      | <b>1,519,696</b>             | <b>1,776,415</b>             | <b>1,481,610</b>          |
| <b>EQUITY AND LIABILITIES</b>                          |      |                              |                              |                           |
| Share capital  |      | 1,658                        | 1,650                        | 1,658                     |
| Share premium  |      | 2,290,890                    | 2,274,918                    | 2,290,890                 |
| Other paid-in capital                                  |      | 29,014                       | 21,096                       | 27,217                    |
| Retained earnings                                      |      | -1,282,776                   | -911,319                     | -1,241,298                |
| <b>Equity attributable to the owners of the parent</b> |      | <b>1,038,786</b>             | <b>1,386,345</b>             | <b>1,078,467</b>          |
| Non-controlling interests                              |      | -                            | -                            | -                         |
| <b>Total equity</b>                                    |      | <b>1,038,786</b>             | <b>1,386,345</b>             | <b>1,078,467</b>          |
| Deferred tax liabilities                               |      | 131,046                      | 125,950                      | 128,145                   |
| Non-current interest bearing liabilities               | 3    | 50,446                       | 81,870                       | 72,588                    |
| Long-term leasing liability                            | 3    | 94,709                       | 97,144                       | 93,157                    |
| Other non-current liabilities                          |      | 4,526                        | -                            | 4,937                     |
| <b>Total non-current liabilities</b>                   |      | <b>280,726</b>               | <b>304,964</b>               | <b>298,828</b>            |
| Current interest bearing liabilities                   | 3    | 80,132                       | 17,563                       | 18,385                    |
| Tax payable  |      | 67                           | 434                          | -                         |
| Short-term leasing liability                           | 3    | 10,152                       | 9,306                        | 9,710                     |
| Accounts payable                                       |      | 69,556                       | 15,187                       | 29,050                    |
| Other current liabilities                              |      | 40,275                       | 42,617                       | 47,170                    |
| <b>Total current liabilities</b>                       |      | <b>200,183</b>               | <b>85,106</b>                | <b>104,315</b>            |
| <b>Total equity and liabilities</b>                    |      | <b>1,519,696</b>             | <b>1,776,415</b>             | <b>1,481,610</b>          |

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

|   | <b>Q1 2023</b> | <b>Q1 2022</b> | <b>Full year 2022</b> |
|---|----------------|----------------|-----------------------|
|   | <b>Group</b>   | <b>Group</b>   | <b>Group</b>          |
| <b>Profit (loss) for the period, before tax</b>         | <b>-35,709</b> | <b>-69,512</b> | <b>-377,730</b>       |
| Depreciation and amortisation                           | 12,748         | 13,763         | 54,152                |
| Income taxes paid                                       |                | -              | -448                  |
| Net income from equity accounted investees              | 639            |                | 101,392               |
| Share-based payment expense                             | 1,797          | 2,643          | 8,764                 |
| Net financial items                                     | -32,720        | 853            | -19,231               |
| Increase/(decrease) in inventory                        | 1,428          | 1,123          | -9,090                |
| Increase/(decrease) in accounts receivable              | 18,217         | -              | -12,113               |
| Increase/(decrease) in accounts payable                 | 40,506         | -17,226        | -15,392               |
| payables  | -14,957        | -1,365         | -80,375               |
| <b>Cash flows from operating activities</b>             | <b>-8,051</b>  | <b>-69,721</b> | <b>-355,072</b>       |
| Purchase of property, plant and equipment               | -2,761         | -11,735        | -79,925               |
| Sales of property, plant and equipment                  | 150            | -              | 73,069                |
| Purchase of intangible asset                            | -              | -454           | 115                   |
| Purchase of shares                                      | -              | -5,000         | -                     |
| Increase/(decrease) in other non-current assets         | -              | -36            | -                     |
| Interest income received                                | 12             | -              | 3,789                 |
| <b>Cash flows from investment activities</b>            | <b>-2,599</b>  | <b>-17,226</b> | <b>-2,952</b>         |
| Proceeds from issue of shares                           | -              | 387,048        | 404,544               |
| Issue of Loans  | 68,519         | -              | -171,303              |
| Payment of borrowings                                   | -73,143        | -3,378         | -17,962               |
| Payment of lease liabilities                            | -4,069         | -2,815         | -16,561               |
| Interest expenses paid                                  | -657           | -1,335         | -3,932                |
| <b>Cash flows from financing activities</b>             | <b>-9,350</b>  | <b>379,520</b> | <b>194,786</b>        |
| <b>Net change in cash and cash equivalents</b>          | <b>-20,000</b> | <b>292,573</b> | <b>-163,236</b>       |
| <b>Cash and cash equivalents at beginning of period</b> | <b>121,667</b> | <b>284,903</b> | <b>284,903</b>        |
| <b>Cash at cash equivalents at end of period Group</b>  | <b>101,667</b> | <b>577,477</b> | <b>121,667</b>        |

**QUANTAFUEL ASA**  
**CONSOLIDATED STATEMENT OF CHANGES**  
**IN EQUITY**

**1 JANUARY - 31 MARCH**

(Amounts in NOK thousands)

|   | Share<br>capital | Share<br>premium | Other<br>Paid-in<br>capital | Retained<br>earnings | Foreign cur.<br>translation<br>reserve | Total            | Non-<br>controlling<br>interests | Total equity     |
|---|------------------|------------------|-----------------------------|----------------------|--|------------------|----------------------------------|------------------|
| <b>Equity as at 1 January 2022</b>                  | <b>1 490</b>     | <b>1 888 031</b> | <b>18 453</b>               | <b>-843 424</b>      | <b>3 930</b>                           | <b>1 068 479</b> | -                                | <b>1 068 479</b> |
| Profit (loss)                                       | -                | -                | -                           | -384 439             | -                                      | -384 439         | -                                | -384 439         |
| Change in NCI share of plant excess value           |                  |                  |                             | -                    |  | -                | -                                | -                |
| <b>Total comprehensive income</b>                   | -                | -                | -                           | <b>-384 439</b>      | -                                      | <b>-384 439</b>  | -                                | <b>-384 439</b>  |
| Translation differences, net                        | -                | -                | -                           | -                    | 2 133                                  | <b>2 133</b>     | -                                | 2 133            |
| <b>Total OCI</b>                                    | -                | -                | -                           | <b>-384 439</b>      | <b>2 133</b>                           | <b>-382 306</b>  | -                                | <b>-382 306</b>  |
| Other changes Equity                                |                  |                  |                             |                      |  | -                |                                  | -                |
| Increase in share capital                           | 168              | 416 011          | -                           | -19 500              | -                                      | <b>396 679</b>   | -                                | 396 679          |
| Transaction cost related to Share capital increases | -                | -13 150          | -                           | -                    | -                                      | <b>-13 150</b>   | -                                | -13 150          |
| Equity effect of aquisition minority shareholders   |                  |                  |                             |                      |  | -                |                                  | -                |
| Share-based payments                                | -                | -                | 8 764                       | -                    | -                                      | <b>8 764</b>     | -                                | 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>1 078 467</b> |
| Profit (loss)                                       | -                | -                | -                           | -38 609              | -                                      | -38 609          | -                                | -38 609          |
| Change in NCI share of plant excess value           | -                | -                | -                           | -                    |  | -                | -                                | -                |
| <b>Total comprehensive income</b>                   | -                | -                | -                           | <b>-38 609</b>       | -                                      | <b>-38 609</b>   | -                                | <b>-38 609</b>   |
| Translation differences, net                        | -                | -                | -                           | -                    | -2 869                                 | -2 869           | -                                | -2 869           |
| <b>Total OCI</b>                                    | -                | -                | -                           | <b>-38 609</b>       | <b>-2 869</b>                          | <b>-41 478</b>   | -                                | <b>-41 478</b>   |
| Other changes Equity                                | -                | -                | -                           | -                    | -                                      | -                | -                                | -                |
| Increase in share capital                           | -                | -                | -                           | -                    | -                                      | -                | -                                | -                |
| Transaction cost related to Share capital increases | -                | -                | -                           | -                    | -                                      | -                | -                                | -                |
| Equity effect of aquisition minority shareholders   | -                | -                | -                           | -                    | -                                      | -                | -                                | -                |
| Share-based payments                                | -                | -                | 1 797                       | -                    | -                                      | 1 797            | -                                | 1 797            |
| <b>Equity at 31 March 2023</b>                      | <b>1 658</b>     | <b>2 290 890</b> | <b>29 014</b>               | <b>-1 282 040</b>    | <b>-736</b>                            | <b>1 038 786</b> | -                                | <b>1 038 786</b> |

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

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

#### **Corporate information**

The interim condensed consolidated financial statements ('the Statements') of Quantafuel ASA and its subsidiaries ('the Group') for the period ended 31 March 2023 were authorised for issue by the Board of directors on 12 May 2023.

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

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

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

#### **Basis of preparation**

The Statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The statements do not include all the information and disclosures required in the annual financial statements and should be read together with the Group's annual consolidated financial statements as of 31 December 2022.

The accounting policies used in preparation of the Statements are consistent with those used for preparation of the Group's annual financial statements for 2022.

## Note 2 Property, Plant and Equipment

|  | Property and<br>plant | Machinery<br>and<br>equipment | Assets under<br>construction | Total          |
|--|-----------------------|-------------------------------|------------------------------|----------------|
| <b>Period ended 31 December 2021</b>   | <b>-</b>              | <b>80,254</b>                 | <b>690,879</b>               | <b>771,134</b> |
| Reclassification                       | 604,885               |                               | -604,885                     | -              |
| Additions                              | 25,505                | 30,730                        | 23,690                       | 79,925         |
| Reclassification to R&D                | -163,624              |                               |                              | -163,624       |
| Disposals                              |                       | -8,318                        | -62,022                      | -70,340        |
| Derecognition                          |                       |                               |                              | -              |
| Depreciation                           | -20,453               | -16,516                       |                              | -36,969        |
| Impairment                             |                       | -5,373                        |                              | -5,373         |
| Exchange differences                   | -10,026               |                               |                              | -10,026        |
| <b>Net book value 31 December 2022</b> | <b>436,287</b>        | <b>80,777</b>                 | <b>47,662</b>                | <b>564,728</b> |
| <b>Period ended 31 December 2022</b>   | <b>436,287</b>        | <b>80,777</b>                 | <b>47,662</b>                | <b>564,728</b> |
| Reclassification                       |                       |                               |                              | -              |
| Additions                              |                       | 2,761                         |                              | 2,761          |
| Reclassification held for sale         |                       |                               |                              | -              |
| Disposals                              |                       | -432                          |                              | -432           |
| Derecognition                          |                       |                               |                              | -              |
| Depreciation                           | -5,923                | -576                          |                              | -6,499         |
| Exchange differences                   | 8,361                 | 1,603                         | 926                          | 10,890         |
| <b>Net book value 31 March 2023</b>    | <b>438,724</b>        | <b>84,134</b>                 | <b>48,588</b>                | <b>571,448</b> |
| Useful life                            | 15-20 years           | 3-10 years                    | No depreciation              |                |
| Depreciation                           | Straight line         | Straight line                 |                              |                |

### Note 3 Financial assets and financial liabilities

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

(Amounts in NOK thousands)

|  |                 |           | Q1<br>2023     | FY<br>2022     |
|--|-----------------|-----------|----------------|----------------|
| Financial assets other than cash:                    |                 |           |                |                |
| <b>Debt instruments at amortised cost:</b>           |                 |           |                |                |
| Trade and other receivables                          |                 |           | 23,700         | 35,696         |
| Non-current deposits                                 |                 |           | 275,949        | 222,339        |
| <b>Sum financial assets</b>                          |                 |           | <b>299,649</b> | <b>258,035</b> |
| <b>Total current</b>                                 |                 |           | <b>23,700</b>  | <b>35,696</b>  |
| <b>Total non-current</b>                             |                 |           | <b>275,949</b> | <b>222,339</b> |
| Financial liabilities: Interest-bearing liabilities: |                 |           |                |                |
|  | Interest rate   | Maturity  | 2023           | 2022           |
| <b>Current interest-bearing liabilities</b>          |                 |           |                |                |
| Loan from Sparebank 1 SMN                            | 5.75%           | 2023      | -              | 7,640          |
| Loan from DGI  | CIBOR 3 + 7,03% | 2023      | 11,626         | 10,745         |
| Lease liabilities                                    | 8.48% / 6%      | 2024      | 10,152         | 9,710          |
| Loan from Viridor                                    | 8.0 %           | 31.3.2024 | 68,507         | -              |
| <b>Total current</b>                                 |                 |           | <b>90,285</b>  | <b>28,095</b>  |
| <b>Non-current interestbearing loans:</b>            |                 |           |                |                |
| Sparebank 1 SMN                                      | 5.75%           | 2026      | -              | 21,647         |
| Innovasjon Norge                                     | 3.95%           | 2024      | 2,400          | 2,400          |
| Loan from DGI  | CIBOR 3 + 7,03% | 2028      | 48,046         | 48,541         |
| Lease liabilities                                    | 8.48% / 6%      | 2034      | 94,709         | 93,157         |
| <b>Total non-current</b>                             |                 |           | <b>145,154</b> | <b>165,745</b> |
| <b>Total interest-bearing liabilities</b>            |                 |           | <b>235,439</b> | <b>193,840</b> |
| Other financial liabilities at amortised cost:       |                 |           |                |                |
|  |                 |           | 2023           | 2022           |
| Trade and other payables                             |                 |           | 109,898        | 76,220         |
| <b>Total current</b>                                 |                 |           | <b>200,183</b> | <b>104,315</b> |
| Other non-current payables                           |                 |           | 4,526          | 4,937          |
| <b>Total non-current</b>                             |                 |           | <b>149,680</b> | <b>109,252</b> |



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

Share options of the parent company have been granted to Directors of the Board, executive management and other employees. As of 31.03.2023, the Company had 8,555,355 options outstanding. Each option gives the right to subscribe for one share.

The calculated value is recognised as a liability in the statement of financial position. The liability recognised at the reporting date is NOK 36.2 million and NOK 139 thousand for social security taxes. The change in the liability in the period is recognised as salaries and personnel costs in the income statement. Quantafuel may at any time resolve to terminate all issued options against a cash consideration equal to the market value of the option shares as the time of the termination, less the exercise price for such options.

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

There has been no change in the share capital during the 1. quarter 2023.

The total share capital of Quantafuel as of 31 March 2023 was NOK 1,658,285.13 divided by 165,828,513 shares, each with a par value of NOK 0.01.

All the shares have the same voting rights.

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

There have been no changes in the composition of the entity during the first quarter of 2023.

#### **Note 7 Subsequent events**

The shares in Geminor invest were sold 20th April at a value of NOK 80 million. This led to a write-down of NOK 52 million in the annual accounts 2022.

Viridor has as of 5<sup>th</sup> May 2023 taken ownership of more than 80% of the shares in the group and is expected through an Extraordinary General Meeting on 12<sup>th</sup> May to assume control of the group and elect a new Board of Directors. Viridor has put forward to the EGM a proposal to delist the company and turn it from a Public limited liability company (ASA) into a private limited liability company (AS).

Quantafuel is obliged to terminate the Option Program as soon as the Offeror has notified the Company that the closing conditions specified in the Transaction Agreement have been satisfied or waived. As all closing conditions have been met or waived by the Bidder, the board of directors resolved to terminate the Option Program. The total amount payable in connection with options with a strike price below NOK 6.38 equal to a total sum of NOK 2,172,380. All other options will be cancelled without any payment from the Company.

## Forward looking statement

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

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

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

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



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