

*Quantafuel ASA*

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# Fourth Quarter 2020

Consolidated financial statements

Quantafuel ASA



## SUMMARY OF Q4 2020

Our PtL plant in Skive reached 90% of design capacity on one production line before Christmas, and we initiated key improvements to the plant to obtain final proof-of-concept and start delivery to BASF Ludwigshafen at scale. We have completed two landmark acquisitions and strengthened our R&D and technology ownership. Our pilot plant in Kristiansund is ready for start-up in Q1 2021, and we aim to take FID on a major plant for plastic recycling in Esbjerg, Denmark. Building further on these achievements, we have the ambition to start several FEED projects in the months to come with existing and new partners.

Quantafuel's strategy is to build large scale Plastic-to-Liquid production capacity at multiple locations throughout Europe, and in due time expand into other high interest geographical regions. To be ready for large-scale roll-out we have engaged Ramboll, and together we have over the last nine months completed a EPC FEED that incorporates learnings from the construction process and first months of operation of our Skive PtL plant.

### **Skive plant**

A key milestone that informs our decision process is the Skive PtL proof-of-concept when one production line has delivered at full production capacity for some time. After solving the initial problems with the mass balance and reaching over 90% of design capacity on one line for a short period before Christmas, we have prioritised to implement improvements in Skive that aim to increase production stability.

Our main objective over the next weeks is to run two lines in parallel over some time, to further optimise operating parameters, and to reach maximum design capacity on one line. We expect to reach these important milestones early Q2 2021. As stated many times earlier, we expect to have several both planned and unplanned periods with

downtime also in the months to come. We are however pleased with the fact that we have seen good progress and results since start of operations in September and remain confident that the improvements that are being implemented at a steady pace allow us to reach the milestones that enables decisions that deliver our ambitious expansion plans.

To reach full commercial production on all four lines we have to make some further modifications, as earlier announced, of which some have resulted from requirements from Danish authorities. Our plan is to work with the two lines already in operation towards the summer, and use the summer break to install these modifications, with the ambition to reach commercial production levels on all four lines by end of Q3 2021.

With the current modification work being performed at the Skive plant, total costs for the plant have increased by NOK 33 million to NOK 581 million.

### **Kristiansund plant**

In August 2020, Quantafuel acquired 49% of Replast AS, a leading provider of mechanical sorting and recycling solutions based in Kristiansund, Norway, to build production capacity for chemical recycling of mixed waste plastic at the same production site. During fourth quarter of 2020, Quantafuel acquired the remaining 51% of the shares in Replast AS. 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.

Through Replast, Quantafuel is gradually building a total processing capacity of 20,000 ton plastic waste per year. The plant will have a unique set-up with combined feedstock pre-treatment, and chemical and mechanical recycling. The plant receives plastic that is normally incinerated or handled by landfills,

with Quantafuel turning it into valuable resources. We expect the set-up in Kristiansund to serve as a model for a potential Nordic roll-out.

Quantafuel's strategic partnership with BASF was highlighted at the BASF Research Press Conference on the 10th of December. BASF especially emphasised the requirement to upgrade, purify and remove halogens in the process, in which is the unique and proprietary part of the Quantafuel technology. BASF has announced a goal to process 250,000 metric tons of recycled material annually by 2025. Quantafuel is obviously determined to make a significant contribution to those ambitions.

In the same press conference, it was also confirmed that BASF is our partner for the pilot plant in Kristiansund, in which we will test new and jointly developed technologies. Quantafuel is currently working together with the BASF team to get the 10-ton per day first pilot in Kristiansund running by the end of Q1 2021, subject to Covid19 immigration restrictions.

Commissioning of equipment at our Replast facilities in Kristiansund is progressing ahead of plan, and the results from this pilot testing will provide valuable input to Quantafuel's next plant design. We have taken the next important step through the initiation of a FEED for a permanent 10,000 tons per year plastic-to-liquid chemical recycling facility in Kristiansund with expected start-up end of 2022.

### **R&D and technology ownership**

Quantafuel has during the fourth quarter acquired intellectual property rights and licensing rights from our catalyst development partner Hulteberg Chemistry & Engineering AB. Through these transactions, Quantafuel has gained full ownership of all its proprietary technology. Building on our leading technology and processes for recycling of plastic waste, we have established a new Quantafuel R&D centre in Malmö, Sweden. This team will further support our R&D team

in Oslo, as well as Quantafuel's research projects with external parties.

### **Feedstock and logistics**

To roll out, in large scale, chemical recycling in Europe it is necessary to bid and win feedstock contracts, optimise logistic with product tracking through the entire value chain, sort and pre-treat plastic waste and find efficient solutions for non-plastic material. In January 2021 Quantafuel took an important step into the feedstock value chain through acquiring 40% of Geminor – with an additional option to acquire the full company.

Geminor is a market leader in waste trading, logistics and sorting, with offices in ten European countries. The acquisition strengthens the feedstock operations of Quantafuel, and it will contribute to a swift roll-out of Quantafuel's plastic-to-Liquid chemical recycling plants across Europe.

- We are determined to maintain and strengthen our position as the global leader within chemical recycling of mixed plastic waste and deliver millions of tons of recycled material to our strategic partners across Europe. Logistic, sorting and handling are key to be able to deliver on these ambitions and this investment is therefore set to become a key competitive advantage as we roll-out process capacity in large, industrial scale, says Kjetil Bøhn, CEO of Quantafuel ASA.

Key virtues of the transaction are:

- \* Optimal plastic waste sourcing to accelerate the Quantafuel plant roll-out and to increase future profitability.
- \* Creating a Pan-European presence for Quantafuel for optimal sourcing across markets and broader project development.
- \* Geminor has an asset light business model with a proven track record on growth and profitability.

Geminor was established in 2004 and has its head office in Haugesund Norway. The company has about 80 employees, is represented with offices in ten European

countries, and trades volumes in twelve countries, with Norway, UK, Germany, Finland, Poland and Denmark being the largest markets. Geminor is asset light and focused on the trading and logistics of waste handling, with sorting activities in Norway, Sweden and UK. With a proven track record of organic growth, Geminor is a market leader in Norway, a top 3 player in the UK waste export market and has 70% of the export volumes from Germany to Denmark. Plastic waste streams for recycling are to a large extent traded across borders. These cross-border flows are expected to increase further with the latest revision of the European Waste Directive (2018) banning landfill plastic waste disposal, and with expected regulation for minimum targets for separation, sorting and handling. The Geminor acquisition improves Quantafuel's competitiveness further by facilitating access to plastic waste streams across different geographies. It facilitates achieving the best possible price, fraction specifications, volume and predictability, which contributes to both the Skive operations, and to the development of all the subsequent Quantafuel plants in new countries. Quantafuel expects improved pricing of plastic waste from the Geminor transaction, and Geminor's ability to source volumes is set to improve with access to chemical recycling delivery points. Quantafuel has been cooperating with Geminor for almost two years, including also on the 10,000-ton Grønt Punkt contract.

The entire waste market in Europe moves towards recycling and through Geminor we are perfectly positioned to benefit from this trend – and be part of making it. Across Europe, there are large recycling companies, local companies, and hundreds of small traders, but with Geminor we are able to take an active part in this growth, while taking feedstock from other sources.

### **Outlook**

In parallel with the work in Skive to improve and get to full capacity, we see the final investment decision for a new PtL plant in Esbjerg as a key milestone for Quantafuel.

We have secured the property for the plant and are working diligently toward the target of reaching FID on Esbjerg in Q1 2021.

As previously reported, 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 FEEDs for integrated plants during the next months.

EU's Green Deal requiring 50% recycling within 2025 is an important accelerator for plastic recycling, and Quantafuel is in pole position to take a lead in this huge market.

## Financial review

### Income statement

<b>Quantafuel Financial Highlights</b>	<b>Q4 2020</b>	<b>Q4 2019</b>	<b>Full year 2020</b>	<b>Full year 2019</b>
Unaudited figures in NOK if not stated otherwise	<b>Group</b>	<b>Group</b>	<b>Group</b>	<b>Group</b>
Operating revenue	2 316	-	8 387	497
EBITDA	-44 533	-19 130	-118 937	-48 752
Profit (loss)	-27 033	-16 000	-501 322	-100 400
Total assets	1 502 149	597 073	1 502 149	597 073
Cash & Cash equivalents	692 223	150 666	692 223	150 666

Operating revenue of NOK 2.3 million consists of NOK 1.0 million for the Equinor project and NOK 0.6 million relating to the Grønt Punkt Norge project (which contract is for up to 10 000 tons of plastic waste) and 0.7 million from the operation in Replast AS.

EBITDA in Q4 2020 was NOK -44.5 million and EBITDA for the full year 2020 was NOK -118.9 million. Salary costs in Q4 2020 was NOK 34 million compared to NOK 23.9 million in Q3 2020, part of the increase is due to a additional provision of social security provision tax relating to option cost for Q3 and an increase in the number of employees and social security tax relating to the exercise of employee options. Other operating expenses in Q4 2020 was NOK 6.9 million compared to NOK 5.0 million in Q3 2020.

Profit in Q4 2020 was NOK -27.0 million and Loss for the full year was NOK -463.3 million. The Profit (loss) consists of EBITDA, depreciation, and net financial items.

Net financial items reflect the general currency fluctuations in addition to the interest expenses relating to the Danske Grønne Investeringsfond (DGI) loan and leasing of offices/building and BASF convertible loan. Financial items relating to the BASF convertible loan for Q4 was a financial income of NOK 22 million due to a decrease in share price. The financial expense relating to the BASF convertible loan 2020 consists of NOK 321.5 million in financial expenses due to the share price increase and NOK 13.3 million in interest expense. Please refer to note 3 for further information. <sup>1</sup>

### Balance Sheet

<b>Quantafuel Balance sheet</b>	<b>Full year 2020</b>	<b>Full year 2019</b>
Unaudited figures in NOK if not stated otherwise	<b>Group</b>	<b>Group</b>
Total non-current assets	789 188	429 839
Total current assets	712 961	167 234
Total assets	1 502 149	597 073
Total equity	649 615	278 090
Total non-current liabilities	705 147	223 258
Total current liabilities	147 387	95 726
Total equity and liabilities	1 502 149	597 073

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

As per 31 December 2020 the Group`s equity is NOK 649.6 million. Cash and cash equivalents were NOK 692.2 million, of which NOK 1.8 million was restricted cash (employee tax advance account).

Total non-current assets at the end of year 2020 was NOK 789.2 million due to an increase of Assets under construction related to Skive plant of NOK 166.3 million and costs for FEED and concept of NOK 29.7 million. An increase of Machinery and equipment of NOK 61.4 million includes the acquisition of Replast AS with Machinery and equipment of NOK 56.3 million.

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

	<b>Q4 2020</b>	<b>Q4 2019</b>	<b>Full year 2020</b>	<b>Full year 2019</b>
	<b>Group</b>	<b>Group</b>	<b>Group</b>	<b>Group</b>
<b>Operating revenue</b>	<b>2 316</b>	<b>-</b>	<b>8 387</b>	<b>497</b>
Cost of materials	5 967	-724	14 096	862
Salaries and personnel costs	33 971	11 625	84 052	28 965
Depreciation and amortization	5 033	1 067	8 891	3 352
Other operating expenses	6 911	8 229	29 176	19 422
<b>Operating profit (loss)</b>	<b>-49 566</b>	<b>-20 197</b>	<b>-127 828</b>	<b>-52 104</b>
Finance income	-16 261	675	-619	675
Finance expense	-18 551	-9 273	8 674	15 991
Finance items convertible loan	-21 982	2 056	334 803	2 056
<b>Net financial items</b>	<b>24 272</b>	<b>7 892</b>	<b>342 857</b>	<b>-17 372</b>
<b>Profit (loss) before tax</b>	<b>-24 055</b>	<b>-12 305</b>	<b>-470 685</b>	<b>-69 476</b>
Income tax expense	2 977	3 695	30 636	30 924
<b>Profit (loss) for the period</b>	<b>-27 033</b>	<b>-16 000</b>	<b>-501 322</b>	<b>-100 400</b>
<b>Attributable to:</b>				
Equity holders of the parent	-26 351	-13 609	-495 470	-98 080
Non-controlling interest	-681	-2 391	-5 851	-2 320

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

	<b>Q4 2020</b>	<b>Q4 2019</b>	<b>Full year 2020</b>	<b>Full year 2019</b>
	<b>Group</b>	<b>Group</b>	<b>Group</b>	<b>Group</b>
<b>Profit for the period</b>	<b>-27 033</b>	<b>-16 000</b>	<b>-501 322</b>	<b>-100 400</b>
Items that may be reclassified to profit (loss)				
Translation differences, net	-1 314	-	1 476	-
<b>Total comprehensive profit (loss)</b>	<b>-28 347</b>	<b>-16 000</b>	<b>-499 846</b>	<b>-100 400</b>
<b>Attributable to:</b>				
Equity holders of the parent	-27 666	-13 609	-493 995	-98 080
Non-controlling interest	-681	-2 391	-5 851	-2 320

**QUANTAFUEL**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER**  
(Amounts in NOK thousands)

	At 31 Dec 2020	At 31 Dec 2019
	Group	Group
<b>ASSETS</b>		
Deferred tax asset	14 220	3 217
Goodwill	54 085	-
Other intangible assets	30 583	20 040
Property plant and equipment	610 919	358 748
Right-of-use asset	71 527	44 602
Other non-current assets	7 855	3 232
<b>Total non-current assets</b>	<b>789 188</b>	<b>429 839</b>
Inventory	3 117	-
Accounts receivable	3 359	-
Other receivables	14 261	16 568
Cash and cash equivalents	692 223	150 666
<b>Total current assets</b>	<b>712 961</b>	<b>167 234</b>
<b>Total assets</b>	<b>1 502 149</b>	<b>597 073</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	1 358	112
Other paid-in capital	1 373 496	497 874
Retained earnings	-806 491	-286 676
<b>Equity attributable to the owners of the parent</b>	<b>568 364</b>	<b>211 310</b>
Non-controlling interests	81 252	66 780
<b>Total equity</b>	<b>649 615</b>	<b>278 090</b>
Deferred tax liabilities	111 512	64 677
Non-current interest bearing liabilities	515 615	117 440
Long-term leasing liability	71 000	41 141
Other non-current liabilities	7 019	-
<b>Total non-current liabilities</b>	<b>705 147</b>	<b>223 258</b>
Current interest bearing liabilities	10 228	1 046
Short-term leasing liability	5 723	4 366
Accounts payable	55 315	59 481
Other current liabilities	76 120	30 833
<b>Total current liabilities</b>	<b>147 387</b>	<b>95 726</b>
<b>Total equity and liabilities</b>	<b>1 502 149</b>	<b>597 073</b>

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

	Q4 2020	Q4 2019	Full year 2020	Full year 2019
	Group	Group	Group	Group <sup>1</sup>
<b>Profit (loss) for the period, before tax</b>	<b>-24 055</b>	<b>-43 229</b>	<b>-470 685</b>	<b>-100 400</b>
Depreciation and amortisation	5 033	1 067	8 891	3 352
Income taxes paid	-	-	-	-
Share-based payment expense	2 392	-26 662	5 059	6 597
Net financial items	-25 511	7 892	342 857	17 372
Increase/(decrease) in inventory	-3 117	-	-3 117	-
Increase/(decrease) in net accounts receivable and payable	16 729	28 064	-7 525	40 873
Increase/(decrease) in net other receivables and other payables	29 680	39 200	45 430	34 898
<b>Cash flows from operating activities</b>	<b>1 150</b>	<b>6 332</b>	<b>-79 091</b>	<b>2 692</b>
Purchase of property, plant and equipment	-112 561	-74 935	-257 476	-263 955
Purchase of intangible asset	-	-19 804	-213	-10 874
Purchase of shares	-	-	-10 000	-
Increase/(decrease) in other non-current assets	-2 592	-932	-4 623	-
Interest income received	621	675	621	675
<b>Cash flows from investment activities</b>	<b>-114 532</b>	<b>-94 996</b>	<b>-271 691</b>	<b>-274 154</b>
Proceeds from issue of shares	40 945	88 866	871 809	238 866
Proceeds from borrowings	-3 568	111 457	28 200	101 175
Payment of lease liabilities	-2 230	-854	-7 671	-3 418
Interest expenses paid	-	-548	-	-548
<b>Cash flows from financing activities</b>	<b>35 147</b>	<b>198 921</b>	<b>892 338</b>	<b>336 075</b>
<b>Net change in cash and cash equivalents</b>	<b>-78 234</b>	<b>110 257</b>	<b>541 556</b>	<b>64 613</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>770 457</b>	<b>40 409</b>	<b>150 666</b>	<b>86 053</b>
<b>Cash at cash equivalents at end of period Group</b>	<b>692 223</b>	<b>150 666</b>	<b>692 223</b>	<b>150 666</b>

<sup>1</sup> Please note that the audited Full year 2019 use profit and loss for the period and not profit and loss before tax.

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

	Share capital	Share premium	Retained earnings	Total	Non-controlling interests	Total equity
<b>Equity at 31 December 2018</b>	<b>73</b>	<b>235 368</b>	<b>-142 769</b>	<b>92 672</b>	<b>15 023</b>	<b>107 695</b>
Profit (loss)	-	-	-98 080	-98 080	-2 320	-100 400
Change in NCI share of plant excess value	-	-	-54 077	-54 077	54 077	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-152 157</b>	<b>-152 157</b>	<b>51 757</b>	<b>-100 400</b>
Translation differences, net	-	-	404	404	-	404
<b>Total OCI</b>	<b>-</b>	<b>-</b>	<b>-151 753</b>	<b>-151 753</b>	<b>51 757</b>	<b>-99 996</b>
Increase in share capital	39	259 271	7 846	267 156	-	267 156
Currency gain in regards to equity increase	-	1 245	-	1 245	-	1 245
Share-based payments	-	1 990	-	1 990	-	1 990
<b>Equity at 31 December 2019</b>	<b>112</b>	<b>497 874</b>	<b>-286 676</b>	<b>211 310</b>	<b>66 780</b>	<b>278 090</b>
Profit (loss)	-	-	-495 470	-495 470	-5 851	-501 322
Change in NCI share of plant excess value	-	-	-20 317	-20 317	20 317	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-515 787</b>	<b>-515 787</b>	<b>14 466</b>	<b>-501 322</b>
Translation differences, net	-	-	1 476	1 476	-	1 476
<b>Total OCI</b>	<b>-</b>	<b>-</b>	<b>-514 312</b>	<b>-514 312</b>	<b>14 466</b>	<b>-499 846</b>
Other changes Equity	-	-	-5 503	-5 503	6	-5 497
Increase in share capital	1 246	870 563	-	871 809	-	871 809
Share-based payments	-	5 059	-	5 059	-	5 059
<b>Equity at 31 December 2020</b>	<b>1 358</b>	<b>1 373 496</b>	<b>-806 491</b>	<b>568 364</b>	<b>81 252</b>	<b>649 615</b>

## Notes to the interim condensed consolidated financial statements

### Note 1 Corporate information and basis for preparation

#### Corporate information

The interim condensed consolidated financial statements ('the Statements') of Quantafuel ASA and its subsidiaries ('the Group') for the period ended 31 December 2020 were authorised for issue by the Board of directors on 22 February 2021.

Quantafuel ASA was formed in 2014 and is a Norwegian public limited company listed on Oslo Stock Exchange Euronext Growth. 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.

Quantafuel currently has two plants in operation in Skive, Denmark, and Kristiansund, Norway. The strategy is to expand the production footprint internationally to have a meaningful contribution to solve on one of our times most pressing environmental challenges.

#### 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 2019.

The accounting policies used in preparation of the Statements are consistent with those used for preparation of the Group's annual financial statements for 2019.

Quantafuel is currently in the final stage of commissioning and modification of its first commercial plant in Skive, Denmark, and the cost of the plant is presented in Property plant and equipment. At full operation, the plant will have a yearly capacity to transform 20,000 ton of plastic waste into 16,000 ton of high value products.

## Note 2 Property, Plant and Equipment

	Property and plant	Machinery and equipment	Assets under construction	Total
<b>Period ended 31 December 2019</b>				
Cost		815	95 736	96 551
Additions		4 489	259 466	263 955
Accumulated depreciation		1 759	-	1 759
<b>Net book value at 31 December 2019</b>		<b>3 545</b>	<b>355 202</b>	<b>358 748</b>
<b>Period ended 31 December 2020</b>				
Additions		61 375	196 102	257 476
Depreciation		5 305	-	5 305
Exchange differences		-	-	-
<b>Net book value 31 December 2020</b>	-	<b>59 615</b>	<b>551 304</b>	<b>610 919</b>
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:

Financial assets other than cash:	2020	2019
<b>Debt instruments at amortised cost:</b>		
Trade and other receivables	14 261	16 568
Non-current deposits	7 855	3 232
<b>Sum financial assets</b>	<b>22 116</b>	<b>19 800</b>
<b>Total current</b>	<b>14 261</b>	<b>16 568</b>
<b>Total non-current</b>	<b>7 855</b>	<b>3 232</b>

Financial liabilities: Interest-bearing liabilities:

	Interest rate	Maturity	2020	2019
<b>Current interest-bearing liabilities</b>				
Loan from DGI	CIBOR+8.14%	2018-2028	10 228	1 046
Lease liabilities	8,5 %	2019-2034	5 723	4 366
<b>Total current</b>			<b>15 951</b>	<b>5 412</b>
<b>Non-current interestbearing loans:</b>				
Sparebank 1 SMN	6 %	2026	38 189	-
Innovasjon Norge	3.95%	2024	2,4	-
Loan from DGI	CIBOR+8.14%	2018-2028	35 248	15 685
BASF liability	19%	2022	79 019	62 456
BASF conversion right liability	n.a.		360 758	39 299
Lease liabilities	8.48% / 6%		71 000	41 141
<b>Total non-current</b>			<b>584 217</b>	<b>158 581</b>
<b>Total interest-bearing liabilities</b>			<b>600 168</b>	<b>163 993</b>
Other financial liabilities at amortized cost:				
			2020	2019
Trade and other payables			55 315	59 481
<b>Total current</b>			<b>55 315</b>	<b>59 481</b>
<b>Total non-current</b>			-	-

The loan from BASF Group is for a total of EUR 10 million and was disbursed on 24 October 2019. Subsequent to recognition the conversion right is measured at fair value through profit and loss with changes in valuation classified as other financial income or expense. The liability component of the loan is recognised at fair value calculated as the face value of the loan less the value of the conversion right. Subsequent to recognition the loan is measured at amortised cost with the calculated effective interest classified as interest expenses.

Due to share price increase of NOK 44.60 from 31.12.2019 (NOK 16.20) and 31.12.2020 (NOK 60.80) the conversion right liability has increased from NOK 39.0 million to 360.70 million during 2020.

#### Note 4 Share-based payments

Share options of the parent company have been granted to Directors of the Board, executive management and other employees. As of 31.12.2020, the Company had 5 728 334 options outstanding. Each option gives the right to subscribe for one share. The options outstanding at the reporting date has an exercise price between NOK 4.6 – 66.66 per share, and with an exercise period that ends between 19. October 2021 and 7. December 2024.

In Q3 2020 the provision for social security tax should have been NOK 13.2million higher than reported. This additional provision is taken as part of Q4 cost for salaries.

The calculated value is recognised as a liability in the statement of financial position. The liability recognised at the reporting date is NOK 14.2 million and NOK 30.9 million for social security taxes. The change in the liability in the period is recognised as salaries and personnel costs in the income statement. Quantafuel may at any time resolve to terminate all issued options against a cash consideration equal to the market value of the option shares as the time of the termination, less the exercise price for such options.

## **Note 5 Share capital increase**

On 30. March 2020, new shares were registered in the Norwegian Register of Business Enterprise. Quantafuel issued 10,000 shares at NOK 0.01 per share at a subscription price of NOK 46.00<sup>2</sup> This capital increase was related to stock options being exercised.

On 3. July 2020, the share capital increase following the NOK 250 million private placement to KIRKBI A/S was registered with the Norwegian Register of Business Enterprises. Quantafuel issued 1,388,888 new shares at NOK 0.01 per share at a subscription price of NOK 180.00<sup>3</sup>.

On 6. July 2020, following approval by the EGM on 3 July 2020 of a 1:10 split of the Company's shares, the new share capital and the new number of shares, as well as the conversion of legal form and the corresponding change of the company's name, was registered with the Norwegian Register of Business Enterprises.

On 11. September 2020, new shares were registered in the Norwegian Register of Business Enterprise. Quantafuel issued 280,000 shares at NOK 0.01 per share at a subscription price of NOK 4.60 and NOK 6.80. This capital increase was related to stock options being exercised.

On 18. September 2020, new shares were registered in the Norwegian Register of Business Enterprise, following a private placement. Quantafuel issued 8,600,000 shares at NOK 0.01 per share at a subscription price of NOK 70.00.

On 15 October 2020, new shares were registered in the Norwegian Register of Business Enterprise. Quantafuel issued 276 667 shares at NOK 0.01 per share at a subscription price of NOK 4.60, NOK 10.90 and NOK 16.70. This capital increase was related to stock options being exercised.

On 12 November 2020, new shares were registered in the Norwegian Register of Business Enterprise, following the purchase of Replast AS. Quantafuel issued 800 000 shares at NOK 0.01 per share at a subscription price of NOK 50.

On 27 November 2020, new shares were registered in the Norwegian Register of Business Enterprise, following the purchase of Hulteberg Chemistry and Engineering. Quantafuel issued 106 000 shares at NOK 0.01 per share at a subscription price of NOK 50.

On 29 December 2020, new shares were registered in the Norwegian Register of Business Enterprise. Quantafuel issued 100 000 shares at NOK 0.01 per share at a subscription price of NOK 4.60. This capital increase was related to stock options being exercised.

The total share capital of Quantafuel as of 31 December 2020 was NOK 1,358,262.17 divided by 135,826,217 shares, each with a par value of NOK 0.01

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

Quantafuel ASA acquired the remaining 51% of the shares in Replast AS in November 2020. Replast AS is consolidated in the Group accounts as a 100% owned subsidiary.

## **Note 7 Subsequent events**

On 12 January 2021 Quantafuel ASA reached an agreement to acquire 40% of Geminor Invest AS, the 100% owner of Geminor AS ("Geminor") for NOK 168 million to be settled in Quantafuel shares plus a cash element

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<sup>2</sup>Pre-split 1:10

<sup>3</sup>Pre-split 1:10

of approx. NOK 2 million. As part of the transaction, Quantafuel obtained an option to acquire the remaining shares in Geminor Invest AS.

On 14 January 2021, new shares were registered in the Norwegian Register of Business Enterprise. Quantafuel issued 2,720,044 shares at NOK 0.01 per share.

The total share capital of Quantafuel as of 31 December 2020 was NOK 1,385,462.61 divided by 138,546,261 shares, each with a par value of NOK 0.01

## Forward looking statement

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

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

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

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



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