

*Quantafuel ASA*

[www.quantafuel.com](http://www.quantafuel.com)

# Annual Report 2020

Quantafuel

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



# List of Signatures

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## Quantafuel Group BOD Report 2020.pdf

Name	Method	Signed at
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# Report from the Board of Directors 2020

## About the Company

Quantafuel ASA (the “Company”) is the parent company of the Quantafuel Group (“Group”). Quantafuel is a technology-based recycling company converting waste plastics back into low-carbon synthetic oil products replacing virgin oil products in production of new plastics, as well as development and operation in related activities. 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 under commissioning; Skive (Denmark) and Kristiansund (Norway). The strategy is to expand the production footprint internationally to have a meaningful contribution to solve one of our times’ most pressing environmental challenges.

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

## Highlights 2020

Quantafuel reached an important milestone in the Company’s history in September 2020 when we started transforming plastic waste into liquid products at our plant in Skive. In December 2020, the plant for a time reached 90% of design capacity on the first of the plant’s four production lines.

Quantafuel was listed on Euronext Growth Oslo (previously: Merkur Market) in February 2020, and during the year 2020, Quantafuel has raised a total of NOK 856 million of equity to secure the future growth of the Company. The two largest equity issues were NOK 602 million as a private placement in September and a NOK 250 million private placement towards KIRKBI A/S in July.

Quantafuel has acquired Replast AS, a leading provider of mechanical sorting and recycling solutions, and the intellectual property rights and licensing rights from catalyst development partner Hulteberg Chemistry & Engineering AB. The purchase price for 100% Replast was NOK 60 million, including NOK 10 million performance-based payments. The purchase price for the Hulteberg licences was NOK 14 million, including NOK 4 million performance-based payments. The transactions were completed in November 2020. The performance-based payments are based on long-term incentives, and thus no performance-based payments have been made as of 31.12.20.

During the year, Quantafuel has established a R&D centre in Malmö, Sweden, working closely with the Oslo-based R&D-team, as well as directly with the projects in Skive and Kristiansund.

As part of Quantafuel’s growth strategy, the Company has performed a FEED study for a new plant in Esbjerg, Denmark, and secured property for the plant. The FEED was executed in co-operation with Rambøll Group A/S.

The Norwegian Environment Agency (“Miljødirektoratet”) confirmed during second quarter 2020 that the Quantafuel technology for chemical recycling qualifies as material recycling. Upon this confirmation, Quantafuel has signed a contract with Grønt Punkt Norge for up to 10,000 tons of waste plastic. The waste plastic will be chemically recycled at Quantafuel’s plant in Skive, Denmark, and further processed into new plastic materials by BASF.



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## Environment, Social and Governance (ESG)

In September 2020, Quantafuel initiated a comprehensive effort to document the Company's environmental footprint. The Norwegian Institute for Sustainability Research (Norsus) was selected to conduct a full Life Cycle Analysis (LCA) of our value chain, measuring the resource efficiency and carbon footprint of our process. A Material Flow Analysis will also be conducted on a 10,000-ton waste stream to determine the precise share of plastic waste that is recycled.

Early 2021, Quantafuel received both REDcert<sup>2</sup> and ISCC PLUS environmental certificates from German TÜV NORD. These certificates testify that Quantafuel sources feedstock from sustainable sources. The certificates also guarantee that Quantafuel's production process lives up to strict standards of traceability and environmental integrity. Following the receipt of the REDcert<sup>2</sup> certificate, Quantafuel sent the first commercial product batch from Skive to BASF.

## Health, Safety and Environment (HSE)

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

Quantafuel had no injuries resulting in lost time from the construction and operation of the Skive and Kristiansund plants in 2020. There have been no accidental releases to the environment. The company remains committed to ensuring a safe working environment and excellent HSE performance.

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

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

## Skive plant

Quantafuel's PTL plant in Skive is 76.31% owned by Quantafuel ASA. The plant has a total processing capacity of 20,000 ton per year divided into four process lines. The Skive plant reached an important milestone in the Company's history in September 2020 when we started transforming plastic waste into liquid products. In December 2020, the Skive plant reached 90% of design capacity on one production line for a time, and during the first quarter 2021 first products were shipped to BASF.

The construction of the Skive plant has taken more time and resulted in higher costs than originally planned, and the Covid-19 pandemic has further affected progress by restricting access for project resources, equipment suppliers and external resources supporting in Skive.

The current modification work being performed at the Skive plant has increased the estimated cost at completion for the plant from NOK 469 million in 2019 to NOK 581 million. The Company is taking these cost-increase learnings into the engineering and planning of future projects.



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## Kristiansund plant

Quantafuel's acquisition of Replast adds mechanical recycling capacity to Quantafuel's existing chemical recycling line. The Company expects that for small-scale plants, the Replast model with a combined dual track mechanical and chemical production lines will considerably increase recycling rate. Quantafuel is also testing new reactor design for future plastic-to-liquid plants in Kristiansund.

Through Replast, Quantafuel is gradually building a total capacity of 20,000 ton plastic waste per year in Kristiansund, including a planned joint BASF and Quantafuel 10,000 ton per year chemical recycling plant. The combined plant will have a the unique set-up with feedstock pre-treatment combined with chemical and mechanical recycling. The plant receives plastics that are 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.

Together with Ramboll, Quantafuel is conducting a FEED for the chemical recycling facility. Related to this work, Quantafuel is also working with the BASF-team on a pilot reactor for chemical recycling.

## Geminor

In January 2021, Quantafuel acquired a 40 percent share of Geminor Invest AS, the 100% owner of Geminor AS, a market leader in waste trading, logistics and sorting. The purchase price was NOK 168 million, settled in Quantafuel shares and a cash element of approx. NOK 2 million. As part of the transaction, Quantafuel was also granted an option to acquire the remaining shares in Geminor Invest AS.

## Research & Development (R&D)

Developing and improving technologies has always been part of Quantafuel's strategy. We strongly believe that exploring ideas through innovative projects, trials and testing will drive solutions for a more sustainable waste and energy market. Our technical staff and research experts are dedicated to exploring new solutions to increase the sustainable use of waste resources through ground-breaking chemical and technical solutions for a better tomorrow.

Quantafuel 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 Oslo-based R&D team driving strategic initiatives to improve Quantafuel's chemical recycling technology portfolio including the management of laboratory pilots and analytical facilities.

## People and Organisation

The Quantafuel Group had as of 31.12.2020 a total of 62 full-time employees, whereof 36 are employed in the Company. Quantafuel employs a high level of engineering and technical personnel, which historically has been dominated by men. The workforce currently consists of 79% male and 21% female in the group and 72% male and 28% female in the Company. The sick leave for the Group and Company is very low and below 1%.



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The Company's employees represent a wide diversity in education, previous working experience, gender, age and cultural background. For Quantafuel, diversity is viewed as a source of advantage, as it stimulates innovation and learning. Differences in background, culture and perspectives are important for the company, and in 2020 eight nationalities were represented in Quantafuel Group among its employees.

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

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

Quantafuel facilitates equal opportunity for professional and personal development for all employees.

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

We have established routines for maintaining and further developing an inclusive work environment. Through regular employee consultations, we also ensure an open dialogue between the immediate manager and employee, with a focus on inclusion, work environment and well-being.

## Governance

Quantafuel shall conduct its business with integrity, respecting the laws, cultures, dignity and rights of individuals in all of the countries where we operate. The Code of Conduct is the key governing document in Quantafuel. The Code of Conduct guides our behaviour to ensure that we act with the utmost care and absolute integrity. The Code is available on [www.quantafuel.com](http://www.quantafuel.com).

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

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

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

The Board has set out in the separate Rules of Procedure for the CEO.



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The Board conducted in December 2020 – January 2021 a Board evaluation by an external party. The Board will use this evaluation as part of its continuous work. The results and conclusions have also been presented to the Nomination Committee of the Company.

The Board has during 2020 held 13 meetings, with additional four resolutions made by circulation.

## **Risk**

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

### *Covid-19*

The ongoing Covid-19 situation has impacted our operations. We have seen that it has impacted the construction of the Skive plant that has taken more time and resulted in higher cost than originally planned. The pandemic continues to affect our progress by hindering access to internal project resources, equipment suppliers and external resources.

### *Project Risk*

The Group's ability to carry out profitable projects is important to meet our growth plans and business goals. In parallel with the final commission of the Skive project, Quantafuel is reviewing its project execution model to ensure quality and robustness required for Quantafuel's future projects. The Group is performing lessons learned processes, and a full project evaluation will be completed before making an investment decision for a new construction project. There are still risks related to the completion of the plants in Skive and Kristiansund when it comes to among others proof of concept, quality, and reliability.

### *Market Risk*

The Group had limited external sales through 2020, and thus limited market risk connected to the operation for the year. Given that the Skive plant is the first of its kind, there is a risk that the plant, as well as the Kristiansund plant, may require improvements or adjustments which may delay or limit full-scale and/or stable operations, as well as delay development and commencement of operation of future plants. Detailed terms for any offtake from Quantafuel's plants, including from the Skive and Kristiansund plants, are subject to final agreement between the relevant parties. This may include elements such as price, volume and quality of the products. It is emphasized that the price that Quantafuel will receive from the sale of its products may vary from contract to contract and will be exposed to pricing of raw materials.

### *Intellectual Property Risk*

Quantafuel's daily business and business strategy are tied to its technology and know-how. The Group relies on a combination of trade secrets, confidentiality procedures and contractual provisions to protect its intellectual property rights. Quantafuel has registered patents / patent applications and trademarks. The Group cannot give assurances that its measures for preserving the secrecy of its trade secrets and confidentiality information are sufficient to prevent others from obtaining such information.

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



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#### *IT and Cyber Risk*

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

#### *Liquidity Risk*

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

The Company has a limited operating history and has of today only generated limited revenues. Since its inception, the Company has incurred significant losses, and to date, the Company has financed its operations through inter alia private placements of equity. The Company expects to continue to incur significant expenses and losses until the plants in Skive and Kristiansund are operating at full capacity.

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

The Group currently has a liquidity of NOK 692.3 million in bank deposit as of 31 December 2020.

#### *Credit Risk*

The Group's credit risk is limited as the Group had limited external sales in 2020. The revenue in Quantafuel ASA mainly derives from group internal revenue.

#### *Currency Risk*

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

### **Cashflow**

The Quantafuel group had a net increase in cash of NOK 541.6 million for the year, while the Company had a net increase of NOK 536.8 million. The operational cashflow for the Group was negative NOK 82.7 million, and for the Company negative NOK 269.8 million. Cashflow from financing activities for the Group was NOK 844.7 million and for the Company NOK 823.5 million. Group cash balance per 31.12.20 was NOK 692.2 million, and for the Company NOK 682.3 million.

### **Financial position**

For the Group, equity was NOK 654.0 million on 31.12.20 corresponding to a book equity ratio of 43%. Equity increased by NOK 375.9 million during the year following equity raise of NOK 872 million mainly offset by a negative result of NOK 502.3 million.

Total non-current assets at the end of year 2020 was NOK 788.1 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.



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The Company had an equity of NOK 346.3 million on 31.12.20, corresponding to a book equity ratio of 36.0%. Equity increased by NOK 330.5 million during 2020.

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

### Going concern

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

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

### Allocation of the result

The Company's net loss for the year was NOK 546.3 million, which the Board recommends being allocated against uncovered loss:

Quantafuel ASA

Uncovered loss                      NOK 546.3 million

### Outlook

The next key milestone for the Skive plant is the proof-of-concept for our technology and commercial operation, when one production line has delivered at full production capacity for a longer time-period – as well as being able to operating on two production lines in parallel. The modification work on the plant is progressing well, and we aim for proof-of-concept during second quarter 2021. Further modification work on some sub systems is required to reach continuous commercial production on all four lines simultaneously. Modification work will be performed over the next months, with an expected start of production at all four lines by the end of third quarter 2021.

For Esbjerg, we have secured the property for the plant and are working diligently toward the target of reaching Final Investment Decision. Further, in Kristiansund we are increasing capacity on the pre-treatment and working a FEED on a chemical recycling plant planned to be operating alongside the existing mechanical recycling plant.

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

In March 2021, Quantafuel entered into a Memorandum of Understanding (MoU) with Corepla and SAIPEM to jointly promote circular economy models for plastic waste, and to seek building chemical recycling plants throughout Italy.



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In April 2021, BASF, Quantafuel and REMONDIS signed a Memorandum of Understanding (MoU) to jointly evaluate a cooperation in chemical recycling including a joint investment into a pyrolysis plant for plastic waste.

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. For Quantafuel this means more opportunities for business, for which we are building our organisation. Quantafuel is continuing developing the Company's technology edge.

The Board would like to thank the employees for their hard work in making Quantafuel and its process technology an industrial solution to mitigate plastic waste.

The Board of Directors

Quantafuel ASA  
Oslo, 27. April 2021

Oscar Spieler – Chairperson

Ann-Christin G. Andersen – Deputy Chairperson

Jim Dåtland – Board Member

Dr. Thorleif Enger – Board Member

Wenche Nistad – Board Member

Wenche Teigland – Board Member

Kasper Trebbien – Board Member

Dr. Maximilian Walter – Board Member

Kjetil Bøhn – CEO



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Quantafuel Group  
Consolidated financial statements  
31 December 2020



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

	Note	2020	2019
<b>Operating revenue</b>	4	<b>8 387</b>	<b>497</b>
Cost of materials		14 805	862
Salaries and personnel costs	7,8,9	84 052	28 965
Depreciation and amortisation	13,15	8 891	3 352
Other operating expenses	10	28 354	19 422
<b>Operating profit (loss)</b>		<b>-127 714</b>	<b>-52 104</b>
Finance income		624	675
Finance expense		-8 718	-15 992
Finance items convertible loan		-334 803	-2 055
<b>Net financial items</b>	11	<b>-342 897</b>	<b>-17 372</b>
<b>Profit (loss) before tax</b>		<b>-470 611</b>	<b>-69 476</b>
Income tax expense	12	-31 702	-30 924
<b>Profit (loss) for the period</b>		<b>-502 313</b>	<b>-100 400</b>
<b>Attributable to:</b>			
Equity holders of the parent		-496 699	-98 080
Non-controlling interest		-5 614	-2 320
Earnings per share, ordinary	24	-4.1	-1.1
Earnings per share, diluted	24	-4.0	-1.0

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

	Note	2020	2019
<b>Profit for the period</b>		<b>-502 313</b>	<b>-100 400</b>
<b>Items that may be reclassified to profit (loss)</b>			
Translation differences, net		1 342	404
<b>Total comprehensive profit (loss)</b>		<b>-500 972</b>	<b>-99 996</b>
<b>Attributable to:</b>			
Equity holders of the parent		-495 357	-97 676
Non-controlling interest		-5 614	-2 320



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

	Note	2020	2019
<b>ASSETS</b>			
Deferred tax asset	12	13 160	3 217
Goodwill	14	54 085	0
Other intangible assets	13	30 583	20 040
Property plant and equipment	15	610 919	358 748
Right-of-use asset	22	71 527	44 602
Other non-current assets	16	7 855	3 232
<b>Total non-current assets</b>		<b>788 129</b>	<b>429 839</b>
Inventory	23	3 217	-
Accounts receivable	16,17	3 359	-
Other receivables	16,17	10 118	16 568
Cash and cash equivalents	5,18	692 223	150 666
<b>Total current assets</b>		<b>708 917</b>	<b>167 234</b>
<b>Total assets</b>		<b>1 497 046</b>	<b>597 073</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	19	1 358	112
Other paid-in capital		1 373 496	497 874
Retained earnings		-802 593	-286 676
<b>Equity attributable to the owners of the parent</b>		<b>572 261</b>	<b>211 310</b>
Non-controlling interests		81 726	66 780
<b>Total equity</b>		<b>653 987</b>	<b>278 090</b>
Deferred tax liabilities	12	106 015	64 677
Non-current interest bearing liabilities	5,16	519 652	117 440
Long-term leasing liability	5,22	71 000	41 141
Other non-current liabilities		9 044	-
<b>Total non-current liabilities</b>		<b>705 712</b>	<b>223 258</b>
Current interest bearing liabilities	16	6 191	1 046
Short-term leasing liability	5,22	5 723	4 366
Accounts payable	5,16	53 938	59 481
Other current liabilities	21	71 494	30 833
<b>Total current liabilities</b>		<b>137 347</b>	<b>95 725</b>
<b>Total equity and liabilities</b>		<b>1 497 046</b>	<b>597 073</b>



Oslo, 27 April 2021

Oscar Spieler – Chairperson

Ann-Christin G. Andersen – Deputy Chairperson

Jim Dåtland – Board Member

Dr. Thorleif Enger – Board Member

Wenche Nistad – Board Member

Wenche Teigland – Board Member

Kasper Trebbien – Board Member

Dr. Maximilian Walter – Board Member

Kjetil Bøhn – CEO



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

	<u>2020</u>	<u>2019</u>
<b>Profit (loss) before tax</b>	<b>-470 611</b>	<b>-100 400<sup>1</sup></b>
Depreciation and amortisation	8 891	3 352
Income taxes paid	-	-
Share-based payment expense	5 059	6 597
Net financial items	342 897	17 372
Increase/(decrease) in inventory	-3 217	-
Increase/(decrease) in net accounts receivables and payables	-8 902	40 873
Increase/(decrease) in net other receivables and other payables	43 167	34 898
<b>Cash flows from operating activities</b>	<b>-82 717</b>	<b>2 692</b>
Purchase of property, plant and equipment	-201 138	-263 955
Purchase of intangible asset	-5 303	-10 874
Purchase of shares	-10 000	-
Increase/(decrease) in other non-current assets	-4 623	-
Interest income received	621	675
<b>Cash flows from investment activities</b>	<b>-220 443</b>	<b>-274 154</b>
Proceeds from issue of shares	826 438	238 866
Proceeds from borrowings	28 200	101 175
Payment of lease liabilities	-7 671	-3 418
Interest expenses paid	-2 250	-548
<b>Cash flows from financing activities</b>	<b>844 717</b>	<b>336 075</b>
<b>Net change in cash and cash equivalents</b>	<b>541 557</b>	<b>64 613</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>150 666</b>	<b>86 053</b>
<b>Cash at cash equivalents at end of period</b>	<b>692 223</b>	<b>150 666</b>

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



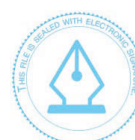
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**QUANTAFUEL ASA**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**1 JANUARY - 31 DECEMBER**  
(Amounts in NOK thousands)

	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	<b>-98 080</b>	-2 320	-100 400
Change in NCI share of plant excess value			-54 077	<b>-54 077</b>	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	<b>404</b>		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	<b>267 156</b>		267 156
Currency gain in regards to equity increase		1 245		<b>1 245</b>		1 245
Share-based payments		1 990		<b>1 990</b>		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)			-496 699	<b>-496 699</b>	-5 614	-502 313
Change in NCI share of plant excess value			-20 560	<b>-20 560</b>	20 560	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-517 259</b>	<b>-517 259</b>	<b>14 946</b>	<b>-502 313</b>
Translation differences, net			1 342	<b>1 342</b>		1 342
<b>Total OCI</b>	<b>-</b>	<b>-</b>	<b>-515 917</b>	<b>-515 917</b>	<b>14 946</b>	<b>-500 972</b>
Other changes Equity			-	<b>-</b>		-
Increase in share capital	1 246	870 563		<b>871 809</b>		871 809
Share-based payments		5 059		<b>5 059</b>		5 059
<b>Equity at 31 December 2020</b>	<b>1 358</b>	<b>1 373 496</b>	<b>-802 593</b>	<b>572 261</b>	<b>81 726</b>	<b>653 987</b>



## QUANTAFUEL ASA - Notes to the consolidated financial statements for 2020

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

### Note 1 General information

The consolidated financial statements ('the Statements') of Quantafuel ASA ('the Company') and its subsidiaries ('the Group') for the year ended 31 December 2020 were authorised for issue by the Board of directors at their meeting on 27 April 2021.

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

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

### Note 2 Significant accounting policies

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

#### 2.1 Basis of preparation

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

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

- Employee share options at fair value
- Convertible loan, conversion right, at fair value through profit or loss
- Goodwill at fair value

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

#### 2.2 Basis of consolidation

The consolidated financial statements comprise the Company and its subsidiaries at 31 December 2020. The Group controls an entity where the Group is exposed to, or has right to, variable returns from its involvement with the entity and could affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. A change in the ownership of a subsidiary, without loss of control, is accounted for as an equity transaction. Subsidiaries are deconsolidated from the date that control ceases, and any gain or loss is recognised in the income statement.

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

#### 2.3 Summary of significant accounting policies

##### a. Business combinations and goodwill



## QUANTAFUEL ASA - Notes to the consolidated financial statements for 2020

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

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

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

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

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

### b. Current versus non-current classification

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

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

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

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

### c. Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable



## QUANTAFUEL ASA - Notes to the consolidated financial statements for 2020

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

### d. Revenue from contracts with customers

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

#### *Sale of chemicals and products*

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

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

### e. Government grants

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

### f. Taxes

#### *Current income tax*

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

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

#### *Deferred tax*

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

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

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



## QUANTAFUEL ASA - Notes to the consolidated financial statements for 2020

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

### g. Foreign currencies

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

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

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

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

### h. Property, plant and equipment

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

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

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

### i. Leases

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

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



## QUANTAFUEL ASA - Notes to the consolidated financial statements for 2020

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

Property and plant 3-15 years

Machinery and equipment 5-15 years

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

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

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. To determine the incremental borrowing rate the Group, where possible, uses its recent third-party financing for the contracting entity as a starting point. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

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

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

### j. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

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

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

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

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

Research and development costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate: The technical feasibility of



completing the intangible asset so that the asset will be available for use or sale, its intention to complete and its ability and intention to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

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

#### k. Financial instruments

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

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

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

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

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

##### *Impairment*

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

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

##### *Financial liabilities*

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective



## QUANTAFUEL ASA - Notes to the consolidated financial statements for 2020

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

hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

### *Subsequent measurement*

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

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

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

The Group has a loan that is convertible into shares of the parent company. The conversion right is an embedded derivative and is classified as a liability and subsequently measured at fair value through profit or loss. The liability component is also classified as a liability and subsequently measured at amortised cost.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Income Statement.

### *Hedge accounting*

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

### **I. Impairment of non-financial assets**

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

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

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

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





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### m. Cash and short-term deposits

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

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

### n. Provisions

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

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

### *Onerous contracts*

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

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

### q. Share-based payments

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

### *Equity-settled transactions*

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

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



## QUANTAFUEL ASA - Notes to the consolidated financial statements for 2020

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

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

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

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

### 2.4 Changes in accounting policies and disclosures

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

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

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

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

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

#### **Judgements**

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

##### *Determining future cash flows from the production plant under constructions*

The Group's production plant in Denmark is not yet in operation. When estimating future cash flows, for use in impairment testing, the Group makes judgement about the production capacity of the plant, the sales prices that will be obtained from customers and the production costs of the plant. As the plant is not in operation at the balance sheet date, there is an inherent uncertainty in these judgments.

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

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



## QUANTAFUEL ASA - Notes to the consolidated financial statements for 2020

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

### *Determining Goodwill Replast*

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

### *Estimates and assumptions*

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Amendments to estimates have been made in connection with the implementation of new calculation systems for options and leasing. The estimate changes are recognised through profit and loss.

### *Estimate change 2020 employee share options*

Option cost: additional cost of NOK 63,606

Social taxes relating to options: reversed cost of NOK 1,928,804

### *Estimate change 2020 leasing*

Right of use asset	77 168
Lease liability	80 644
Depreciation	7 015
Interest expense	70 286

### *Impairment of non-financial assets*

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

### *Share-based payments*

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



## QUANTAFUEL ASA - Notes to the consolidated financial statements for 2020

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

### Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant Company judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

### Development costs

The Group capitalises certain costs for product development projects. Initial capitalisation of costs is based on the Company's judgement that technological and economic feasibility is confirmed, usually when a product Research & Development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, the Company makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. At 31 December 2020, the carrying amount of capitalised development costs was NOK 19.8 million (2019: NOK 19.8 million). *Leases – Estimating the incremental borrowing rate*

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

### Note 4 Revenue

	<b>2020</b>	<b>2019</b>
Revenue from contracts with customers	8 387	-
Other revenue	-	497
<b>Total revenue</b>	<b>8 387</b>	<b>497</b>

Revenue from contracts with customers consists of NOK 0.77 million revenue from the operations in Replast AS, NOK 5.60 million relating to Grønt Punkt Norge project, which contract is for up to 10,000 tons of plastic waste and NOK 1.88 million relating to the Equinor project.

Other revenue in 2019 consists of NOK 147,000 from Enova grants and NOK 350,000 from Innovasjon Norge.

Please refer to note 20 for further information regarding grants.



## QUANTAFUEL ASA - Notes to the consolidated financial statements for 2020

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

### Note 5 Capital structure

	<u>2020</u>	<u>2019</u>
Interest-bearing liabilities	611 611	163 993
Trade and other payables	125 432	90 314
Less: Cash and cash equivalents	-692 223	-150 666
<b>Net debt</b>	<b>44 821</b>	<b>103 641</b>
<b>Total equity</b>	<b>653 987</b>	<b>278 090</b>
<b>Total equity and net debt</b>	<b>698 808</b>	<b>381 731</b>
Equity ratio	93.6 %	72.8%

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

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

### Note 6 Subsidiary information

Name	Principal activities	Country	Ownership	Ownership
			<u>2020</u>	<u>2019</u>
Quantafuel Skive ApS	Production	Denmark	76 %	76 %
Quantafuel Oslo AS	Active	Norway	100 %	100 %
Quantafuel Sweden AB	Dormant	Sweden	100 %	100 %
Quantafuel UK Ltd	Dormant	UK	50 %	50 %
Next Gen Energy S.A. de C.V.	Dormant	Mexico	50 %	50 %
Replast AS	Production	Norway	100%	-

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

Quantafuel Skive ApS (QF Skive) is currently in the final stage of building and testing the first Plastic to Liquid (PtL) plant in Skive, Denmark. Quantafuel ASA is committed to deliver the PtL plant to Quantafuel Skive ApS, with additional investments locally in infrastructure. Quantafuel ASA currently holds 76.31% of the shares in QF Skive. The remaining shares are held by Danish investors. The ownership interests in QF Skive is subject to a shareholders' agreement dated 8 November 2017 entered into on customary terms. Under certain conditions the Group has a call option, and the minority shareholders have a put option to sell the non-controlling shareholding to the Group at market price minus a discount of 20%, settled by issue of new shares in the Group. As at 31.12.2020 the Company do not consider the conditions for the options to be exercised as occurred, and the options are therefore not considered as part of the diluted shares as of this point.



## QUANTAFUEL ASA - Notes to the consolidated financial statements for 2020

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

Summarised financial information for Quantafuel Skive ApS:

	<u>2020</u>	<u>2019</u>
Profit (loss) for the period	-23 922	-8 889
Comprehensive income for the period	-23 922	-8 889
Non-current assets	127 698	69 669
Current assets	12 751	9 737
Non-current liabilities	83 770	16 731
Current liabilities	58 374	40 494
Non-controlling interests	23.7 %	23.7 %
Profit attributed to non-controlling interests	-5 614	-2 320

Summarised financial information for Replast AS:

	<u>2020</u>
Profit (loss) for the period	-10 176
Comprehensive income for the period	-10 176
Non-current assets	71 912
Current assets	6 136
Non-current liabilities	64 738
Current liabilities	8 259

There is no or insignificant activity in the other subsidiaries and partly owned companies.

### Note 7 Salary and personnel costs

	<u>2020</u>	<u>2019</u>
Salaries	45 291	19 816
Pension expenses	3 034	1 126
Social security taxes	8 313	2 327
Share-based payments	5 059	1 990
Accrued social security taxes for share-based payments	23 645	6 979
Other benefits	2 366	1 459
Salary costs classified as project cost	-3 656	-4 732
<b>Total</b>	<b>84 052</b>	<b>28 965</b>
<b>Full time equivalent employees</b>	<b>53</b>	<b>25</b>

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



## QUANTAFUEL ASA - Notes to the consolidated financial statements for 2020

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

### Note 8 Board and Executive personnel

#### Compensation to executive personnel

Salary and other remuneration to executive personnel in 2020:

Name and position	Salary and other remuneration	Pension expenses	Share option expense	Total
Kjetil Bøhn, CEO	1 955	50	881	2 886
Kristian Flaten, CFO (from 15.04.20)	1 221	35	294	1 550
Terje U. Eiken, COO (from 01.09.20)	651	17	407	1 075
Winifred Johansen, SVP Commercial	1 190	50	884	2 124
Thomas Steenbuch Tharaldsen, SVP Strategy & Sustainability	1 248	49	83	1 380
Lars Erik Fareid, VP of R&D	1 197	48	161	1 406

No bonus was paid in 2020.

The CEO has a notice period of 3 months.

Salary and other remuneration to executive personnel in 2019:

Name and position	Salary and other remuneration	Pension expenses	Share option expense	Total
Kjetil Bøhn, CEO	1 308	53	500	2 553
Jens Petter Broby, CFO	1 195	50	266	1 516
Jørgen Færeveaag, Chief Project Development Officer	1 227	52	-	1 252
Bjørn Arild Dahlen, Chief Technical Director	1 180	53	310	1 562
Olav Stadaas, Plant Development Director	1 236	55	266	1 521
Winifred Johansen, Chief Commercial Director (from 1.10.2019)	303	13	57	1 270
Thomas S. Tharaldsen, Chief Strategy Director	1 076	46	66	1 162

No bonus was paid in 2019.



### Compensation to the Board of directors

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

<b>COMPENSATION TO BOARD OF DIRECTORS</b>	<b>2020</b>	<b>2019</b>
Oscar Spieler (from 5 June 2018)	200	200
Thorleif Enger (from 27 June 2018)	100	100
Ann-Christin Gjerdseth Andersen (from 21 June 2019)	100	-
Jim Dåtland (from 21 June 2019)	120	-
Maximilian Walter (from 7 October 2019)	-	-
Wenche Teigland (from 12 June 2020)	-	-
Wenche Nistad (from 12 June 2020)	-	-
Kasper Trebbien (from 3 July 2020)	-	-
Ragnar Sjøgaard (from 22 September 2015 until 3 July 2020)	130	100
Per-Anders Hjort (from 27 June 2018 until 12 June 2020)	100	100
Bård Mikkelsen (from 22 September 2015 until 21 June 2019)	30 <sup>2</sup>	100
Dag-Erik Rasmussen (from 27 June 2018 until 20 November 2019)	-	100
Jens Engwall (from 22 September 2015 until 21 June 2019)	-	100
<b>Total</b>	<b>780</b>	<b>800</b>

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

The Group had a consultancy agreement with a consultancy company owned by the Deputy Chairperson of the Board for a monthly remuneration of NOK 100,000 in addition to Board remuneration. This agreement is now terminated. Payment under this agreement amounted to NOK 700,000 during the financial year. The Chairperson of the Board has been employed for a period during the year and received salary of NOK 153,000 during the year, in addition to Board remuneration, including holiday pay. For 2019 the Chairperson received NOK 300,000 in salary.

### Note 9 Share-based payment

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

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

The Group may at any time resolve to terminate all issued options against a cash consideration equal to the market value of the option shares at the time of the termination, less the exercise price for such options. Under option program no 1 there are 2,940,000 options outstanding at the reporting date with an exercise price between NOK 4.60 – 6.80 per share, and with an exercise period that ends between 19 October 2021 and 15 March 2022. Under option program no 2 there are 2,688,334 options outstanding with an exercise

<sup>2</sup> Please note that the Board remuneration received in 2020 is relating to the Nomination Committee





## QUANTAFUEL ASA - Notes to the consolidated financial statements for 2020

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

price between NOK 10.90 – NOK 66.66 per share, and with an exercise period that ends between 12 June 2023 and 1 December 2024. Refer to note 2.3 q for a description of the accounting principles for share-based payments.

The expenses recognised for share options are as follows:

	<u>2020</u>	<u>2019</u>
Total IFRS cost	5 059	6 597
Total Social security provisions	23 645	6 979

The table below shows the inputs used to the option pricing model used for 31 December 2020:

### Granted instruments 2020

Instrument	Option
Quantity 31.12.2020 (instruments)	1 680 000
Quantity 31.12.2020 (shares)	1 680 000
Contractual life*	3,91
Strike price*	24,65
Share price*	24,28
Expected lifetime*	1,73
Volatility*	20,83%
Interest rate*	0,127%
Dividend*	0,00
FV per instrument*	8,07
Vesting conditions	N/A

\*Weighted average parameters at grant of instrument



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

### Outstanding instruments Year End - Option

Quantity and weighted average prices		
Activity	Number of instruments	Weighted Average Strike Price
<i>01.01.2020 - 31.12.2020</i>		
Outstanding OB (01.01.2020)*	4 705 000	7.57
Granted	1 680 000	31.19
Exercised	- 756 666	6.05
Released	0	0.00
Adjusted	0	0.00
Performance Adjusted	0	0.00
Cancelled	0	0.00
Terminated	0	0.00
Expired	0	0.00
Outstanding CB (31.12.2020)	5 628 334	14.85
Vested CB	3 274 994	6.58

\* For 2019 the reported number was 478 500 (pre-split). This was including 8000 (pre-split) exercises in December 2019.



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## QUANTAFUEL ASA - Notes to the consolidated financial statements for 2020

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

Outstanding Instruments Overview					
Strike price	Number of instruments	Weighted Average remaining contractual life	Weighted Average Strike Price	Vested instruments 31.12.2020	Weighted Average Strike Price
	<i>Outstanding Instruments</i>			<i>Vested Instruments</i>	
4,60	1 180 000	0,80	4,60	1 180 000	4,60
6,00	980 000	1,21	6,00	980 000	6,00
6,80	780 000	0,80	6,80	780 000	6,80
10,90	338 334	2,45	10,90	94 996	10,90
12,90	40 000	2,68	12,90	13 333	12,90
13,00	200 000	3,29	13,00	0	0,00
13,50	160 000	2,48	13,50	53 332	13,50
14,90	80 000	3,17	14,90	0	0,00
15,40	80 000	3,34	15,40	0	0,00
16,00	200 000	3,25	16,00	33 333	16,00
17,50	300 000	2,89	17,50	100 000	17,50
18,20	240 000	2,98	18,20	40 000	18,20
18,80	160 000	3,09	18,80	0	0,00
19,00	40 000	3,00	19,00	0	0,00
25,74	40 000	3,50	25,74	0	0,00
26,29	70 000	3,46	26,29	0	0,00
26,90	80 000	3,45	26,90	0	0,00
48,24	420 000	3,67	48,24	0	0,00
50,05	40 000	3,94	50,05	0	0,00
51,70	80 000	3,84	51,70	0	0,00
55,77	40 000	3,92	55,77	0	0,00
66,66	80 000	3,75	66,66	0	0,00
	<b>5 628 334</b>			<b>3 274 994</b>	

The weighted average remaining contractual life for the share options outstanding at 31 December 2020 was 2.95 years (2019: 2.13 years).

Total number of options outstanding to the Board and management at 31 December 2020, and year of issue, is as follows:

		2019	2020	Total
Kjetil Bøhn	Management	600 000	-	600 000
Kristian Flaten	Management	-	200 000	200 000
Terje U. Eiken	Management	-	300 000	300 000
Winifred Johansen	Management	100 000	100 000	200 000
Thomas Steenbuch Tharaldsen	Management	275 000	-	275 000
Lars Erik Fareid	Management	130 000	70 000	200 000
Oscar Spieler	Board	1 400 000	-	1 400 000
Thorleif Enger	Board	80 000	-	80 000
Ann-Christin Gjerdseth Andersen	Board	80 000	-	80 000
Jim Dåtland	Board	80 000	-	80 000
Wenche Nistad	Board	-	40 000	40 000
Wenche Teigland	Board	-	40 000	40 000
		<b>2 745 000</b>	<b>750 000</b>	<b>3 495 000</b>



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The average strike price of grants to Board and management during the year was NOK 29.00 (2019: NOK 10.20).

Amendments to estimates have been made in connection with the implementation of new calculation system for options. The estimate changes are recognised through profit or loss.

### *Estimate change 2020 options*

Option cost: additional cost of NOK 63,606

Social taxes relating to options: reversed cost of NOK 1,928,804

## Note 10 Other operating expenses

	<b>2020</b>	<b>2019</b>
Research and development expenses	1 014	-
Rent and other office expenses	1 433	797
IT expenses	2 302	555
Travel expenses	2 017	2 542
External services	18 093	13 914
Other	3 495	1 613
<b>Total</b>	<b>28 354</b>	<b>19 422</b>

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

Compensation to auditors are as follows:

	<b>2020</b>	<b>2019</b>
Statutory audit fee	636	232
Other assurance engagements	179	-
Tax related services	15	-
Other services	201	420
<b>Total</b>	<b>1 031</b>	<b>652</b>

RSM was the Group's auditor for 2020 and 2019. Fees to non-RSM auditors relating to other services and advisory amounts to NOK 302,000 (2019: NOK 79,000).



## QUANTAFUEL ASA - Notes to the consolidated financial statements for 2020

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

### Note 11 Financial income and expense

	<u>2020</u>	<u>2019</u>
Interest income	624	675
Interest expenses	-6 568	-3 648
Net foreign currency gains (losses)	-2 389	-11 997
Other financial expenses	238	-347
Convertible loan	-334 803	-2 055
<b>Total</b>	<b>-342 897</b>	<b>-17 372</b>

### Note 12 Income taxes

(Amounts in NOK thousands)

The major components of income tax expense:

	<u>2020</u>	<u>2019</u>
Current income tax:		
Current income charge	-	-
Deferred tax:		
Relating to changes in temporary differences	31 702	30 924
<b>Tax expense</b>	<b>31 702</b>	<b>30 924</b>

Reconciliation of tax expense and accounting profit :

	<u>2020</u>	<u>2019</u>
Income tax attributable to net profit	31 702	30 924
Income tax attributable to other comprehensive income	-	-
<b>Net</b>	<b>31 702</b>	<b>30 924</b>
Pre-tax profit	-470 611	-69 476
Tax at Norway income tax rate 22 %	-103 534	-15 285
Permanent differences	-6 524	255
Temporary differences	111 922	36 177
Tax asset not recognised	29 839	9 776
Tax refund Norway		
Effect of lower tax rate in other jurisdictions	-	-
Other	-	-
<b>Income tax expense</b>	<b>31 702</b>	<b>30 924</b>



## QUANTAFUEL ASA - Notes to the consolidated financial statements for 2020

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Deferred tax relates to the following:

	<u>2020</u>	<u>2019</u>
<b>Deferred tax assets</b>		
Tax losses carry forwards	91 979	38 479
IFRS 16 items	88	815
Projects		
Inventory	172	-
Long term debt	71 557	
Other	8 722	4 548
<b>Deferred tax assets - gross</b>	<b>172 518</b>	<b>43 481</b>
Property, plant and equipment	111 333	65 751
Other temporary differences	-	
Sum	<b>111 333</b>	<b>65 751</b>
Tax assets not recognised	154 039	39 550
<b>Net deferred tax (assets) liabilities</b>	<b>92 855</b>	<b>61 460</b>
Reconciliation of deferred tax liabilities, net	<u>2020</u>	<u>2019</u>
As at 1 January	61 460	30 332
Tax (income)/expense during the period	31 702	30 924
Tax (income)/expense during the period, recognised in OCI	-	-
Discontinued operation	-	-
Deferred taxes acquired in a business combination	-	-
Change in tax rate	-	-
Effect of foreign currency translation	-77	-
Other	-230	204
<b>As at 31 December</b>	<b>92 855</b>	<b>61 460</b>

The tax rate used for the deferred tax calculation is 22% for 2020 and 2019 in Norway. The tax rate in Denmark is 22% for 2020 and 2019.



## QUANTAFUEL ASA - Notes to the consolidated financial statements for 2020

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

### Note 13 Intangible assets

	Goodwill	Reseach & Development cost	Acquired patents and rights	Other intangible assets	Total
<b>Acquisition cost 1 January 2019</b>		<b>8 586</b>	<b>1 810</b>	-	<b>10 396</b>
Additions		10 874			10 874
Disposals					-
Reclassification					-
Exchange differences					-
<b>Acquisition cost 31 December 2019</b>		<b>19 460</b>	<b>1 810</b>	-	<b>21 270</b>
<b>Acquisition cost 1 January 2020</b>	-	<b>19 460</b>	<b>1 810</b>	-	<b>21 270</b>
Additions	54 085	10 390	24	212	64 711
Disposals					-
Reclassification					-
Exchange differences			-26		-26
<b>Acquisition cost 31 December 2020</b>	<b>54 085</b>	<b>29 850</b>	<b>1 808</b>	<b>212</b>	<b>85 955</b>
<b>Accumulated depreciation 1 January 2019</b>		-	<b>1 187</b>	-	<b>1 187</b>
Depreciation			43		43
Disposals					-
Impairment					-
Reclassification					-
Exchange differences					-
<b>Accumulated depreciation 31 December 2019</b>		-	<b>1 230</b>	-	<b>1 230</b>
<b>Accumulated depreciation 1 January 2020</b>		-	<b>1 230</b>	-	<b>1 230</b>
Depreciation				57	57
Disposals					-
Impairment					-
Reclassification					-
Exchange differences					-
<b>Accumulated depreciation 31 December 2020</b>		-	<b>1 230</b>	<b>57</b>	<b>1 287</b>
<b>Net book value 31 December 2019</b>	-	<b>19 460</b>	<b>580</b>	-	<b>20 040</b>
<b>Net book value 31 December 2020</b>	<b>54 085</b>	<b>29 850</b>	<b>578</b>	<b>155</b>	<b>84 668</b>
Useful life		No depreciation	10 years		
Depreciation			Straight line		

Research and development cost capitalised in 2020 and 2019 is in relation to development of the Group's Plastic-to-Liquid technology in accordance with IAS 38.57. The carried value of the research and development cost is considered against future projects and further tested in accordance with IAS 36.

Recognised goodwill in the Group amounts to MNOK 54 as at 31.12.2020. Goodwill is derived from the acquisition of Replast AS which was completed in 2020 (see note 14 and 25). Goodwill is tested for impairment by the Group at least annually, or when there are any indications of impairment.



## QUANTAFUEL ASA - Notes to the consolidated financial statements for 2020

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

### Note 14 Impairment testing of goodwill

Recognised goodwill in the Group amounts to MNOK 54 as at 31.12.2020 . Goodwill is derived from the acquisition of Replast AS which was completed in 2020 (see note 25). Each goodwill item is linked to a cash-generating unit (CGU). A cash flow generating unit is the lowest level at which independent cash flows can be measured.

Book value of goodwill:	<b>2020</b>
Replast AS	<u>54 085</u>
<b>Total Goodwill</b>	<b><u>54 085</u></b>

Goodwill is tested for impairment at least annually, or when there are indications of impairment. The impairment test was performed as at year-end 2020.

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

The impairment test is performed by calculating the recoverable amount and compare it for the given unit. Recoverable amount is calculated on the basis of the expected future discounted cash flows for the unit. The cash flows are calculated on the basis of the company's expectations for earnings the coming four years, adjusted for any capital requirements.

#### The following assumptions were utilised when calculating value in use as at 2020

	<u>Replast AS</u>
Discount interest	8 %
Growth rate	2 %





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

### Note 15 Property plant and equipment

	Property and plant	Machinery and equipment	Assets under construction	Total
<b>Acquisition cost 1 January 2019</b>	-	<b>815</b>	<b>95 736</b>	<b>96 551</b>
Additions		4 489	259 466	263 955
Disposals				-
Reclassification				-
Exchange differences				-
<b>Acquisition cost 31 December 2019</b>	-	<b>5 304</b>	<b>355 202</b>	<b>360 506</b>
<b>Acquisition cost 1 January 2020</b>	-	<b>5 304</b>	<b>355 202</b>	<b>360 506</b>
Additions		61 375	196 102	257 477
Disposals				-
Reclassification				-
Exchange differences				-
<b>Acquisition cost 31 December 2020</b>	-	<b>66 679</b>	<b>551 304</b>	<b>617 983</b>
<b>Accumulated depreciation 1 January 2019</b>	-	<b>496</b>	-	<b>496</b>
Depreciation		1 263		1 263
Disposals				-
Impairment				-
Reclassification				-
Exchange differences				-
<b>Accumulated depreciation 31 December 2019</b>	-	<b>1 759</b>	-	<b>1 759</b>
<b>Accumulated depreciation 1 January 2020</b>	-	<b>1 759</b>	-	<b>1 759</b>
Depreciation		5 305		5 305
Disposals				-
Impairment				-
Reclassification				-
Exchange differences				-
<b>Accumulated depreciation 31 December 2020</b>	-	<b>7 064</b>	-	<b>7 064</b>
<b>Net book value 31 December 2019</b>	-	<b>3 545</b>	<b>355 202</b>	<b>358 748</b>
<b>Net book value 31 December 2020</b>	-	<b>59 616</b>	<b>551 304</b>	<b>610 919</b>
Useful life	15-20 years	3-10 years	No depreciation	
Depreciation	Straight line	Straight line		

The Group's main asset is the Skive plant. The construction commenced in 2018 and is expected to be concluded within Q3 2021. In addition, two other projects are capitalised under assets under construction. The total cost for assets under construction as of end of 2020 is NOK 551.3 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.



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### Impairment tests

The plant is in a start-up phase and proof of concept is expected in Q2 2021, with full production in Q3 2021. The production plant is the first of its kind and therefore the estimated cost of completing the plant has been increased several times during the construction phase. The Group has capitalised all costs related to the construction, including capitalisation of interest in the construction period.

Impairment testing of the carrying amount of the production plant, and the capitalised development costs, has been based on estimated cash flows for the years 2021 – 2040. The calculation is based using nominal values for cashflow with zero growth rate. The estimated cash flows are based on the expected output of the production plant when operational as well as expected selling prices and production costs. The discount rate before tax used is 8%. The Group considers the relationship between the value of discounted cashflow, peer market valuation, carrying amounts and other factors when identifying indicators of impairment.

The calculation of value in use is most sensitive to the estimates of revenues, including product prices and volumes, as well as total capex at completion. Reasonable changes in the assumptions would not cause the carrying amount of the assets to exceed the recoverable amount.

### Note 16 Financial assets and financial liabilities

Financial assets other than cash:	2020	2019
<b>Debt instruments at amortised cost:</b>		
Trade and other receivables	3 359	16 568
Non-current deposits	7 855	3 232
<b>Sum financial assets</b>	<b>11 214</b>	<b>19 800</b>
<b>Total current</b>	<b>3 359</b>	<b>16 568</b>
<b>Total non-current</b>	<b>7 855</b>	<b>3 232</b>

Financial liabilities: Interest-bearing liabilities:		2020	2019	
Interest rate	Maturity			
<b>Current interest-bearing liabilities</b>				
Loan from DGI	CIBOR+8.18%	2021-2028	6 191	1 046
Lease liabilities	8.5 %	2019-2034	5 723	4 366
<b>Total current</b>			<b>11 915</b>	<b>5 412</b>
<b>Non-current interestbearing loans:</b>				
Loan from DGI	CIBOR+8.18%	2021-2028	39 286	15 685
Sparebank 1 SMN	6 %	2024	38 189	-
Innovasjon Norge	3.95 %	2024	2 400	-
BASF liability	19.0%	2022	79 019	62 456
BASF conversion right liability <sup>3</sup>	n.a.		360 758	39 299
Lease liabilities	8.5 %		71 000	41 141
<b>Total non-current</b>			<b>590 652</b>	<b>158 581</b>

<sup>3</sup> The conversion right is an embedded derivative and is classified as a liability and subsequently measured at fair value through profit or loss.



## QUANTAFUEL ASA - Notes to the consolidated financial statements for 2020

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

**Total interest-bearing liabilities** 602 567 163 993

Other financial liabilities at amortised cost:

	2020	2019
Trade and other payables	53 938	59 481
<b>Total current</b>	<b>53 938</b>	<b>59 481</b>
<b>Total non-current</b>		

The loan from Danmarks Grønne Investeringsfond (DGI) is for a total of DKK 53 million, where DKK 33 million have been disbursed by 31 December 2020 (NOK 45.5 million). Quantafuel will not take up the last remaining DKK 20 million in loans, thus the total loan from DGI will be DKK 33 million. The loan incurs interest at 3 months CIBOR + 8.14% p.a. The loan was repayable with equal quarterly down payments from 1 July 2019 to 1 April 2028, but as the project has been delayed DGI has granted waivers for the repayment until after the commencement of the operation and disbursement of the DKK 40 million tranche. As Quantafuel will not take the remaining DKK 20 million in loan, the first down payment of the loan is in the first quarter 2021. DGI is entitled to an extra performance payment based should the accumulated EBITDA of the Danish subsidiary in the years 2020 to 2023 be above DKK 70 million. The performance payment is 3% of accumulated EBITDA that is equal to or above DKK 70 million, increasing to 6% of accumulated EBITDA equal to or above DKK 100 million. The performance payment is capped at DKK 7 million. The estimated performance payment is included in the amortised cost for the loan. The loan is secured by first charge over the operating plant in Denmark as well as a floating charge of DKK 10 million in the Danish operation.

The loan from BASF Group is for a total of EUR 10 million and was disbursed on 24 October 2019. The loan incurs interest at 1% p.a. The maturity date is 3 years from disbursement, ie. 24 October 2022. The loan is convertible by BASF during the whole period until the maturity date. The conversion is to be made at the last 30 days average stock price, but not lower than NOK 11.80, or higher than NOK 14.40, per share subject to adjustment in the event of share capital transactions. If the Board member nominated by BASF is removed from the Board, or if the collaboration agreement is terminated subsequently to being agreed and signed, the loan is also repayable at 110% of face value. At recognition, the conversion right of the loan was measured at fair value using an option pricing model, and assumptions, as described in note 9. Subsequent to recognition the conversion right is measured at fair value through profit or 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 minus 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.

Changes in liabilities arising from financing activities for 2020 (2019):

	Non-cash changes						31.12.2020
	01.01.2020	Cash flows	Foreign exchange movement	Fair values changes	New leases	Other	
Long-term borrowings	117 440	23 055	3 765	334 804		40 589	519 653
Short-term borrowings	1 046	5 145					6 191
Lease liabilities	45 507	-7 671	2 837		31 698	4 353	76 724
Assets held to hedge long-term borrowings	-						-
<b>Total liabilities from financing activities</b>	<b>163 993</b>	<b>20 529</b>	<b>6 602</b>	<b>334 804</b>	<b>31 698</b>	<b>44 942</b>	<b>602 567</b>



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Non-cash changes							
	01.01.2019	Cash flows	Foreign exchange movement	Fair values changes	New leases	Other	31.12.2019
Long-term borrowings	15 945	101 175				320	117 440
Short-term borrowings	27 004	-29 532				3 574	1 046
Lease liabilities	32 463	-4 623			15 047	2 620	45 507
Assets held to hedge long-term borrowings	-						-
<b>Total liabilities from financing activities</b>	<b>75 412</b>	<b>67 020</b>	-	-	<b>15 047</b>	<b>6 514</b>	<b>163 993</b>

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

Year ended 31 December 2020	Less than 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
Interest-bearing liabilities (excluding those below)		5 804	69 610	10 651	86 066
Convertible loan			439 778		439 778
Lease liabilities	1 431	4 293	28 615	42 386	76 724
Trade payables	53 938				53 938
<b>Total</b>	<b>55 369</b>	<b>10 097</b>	<b>538 003</b>	<b>53 037</b>	<b>656 505</b>
Year ended 31 December 2019	Less than 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
Interest-bearing liabilities (excluding those below)		1 046	10 457	5 228	16 731
Convertible loan			101 755		101 755
Lease liabilities	1 084	3 282	17 464	23 677	45 507
Trade payables	59 481				59 481
<b>Total</b>	<b>60 565</b>	<b>4 328</b>	<b>129 676</b>	<b>28 905</b>	<b>223 474</b>



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

### Fair values

Below is a comparison of the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2020 and 31 December 2019:

	31.12.2020	31.12.2020	31.12.2019	31.12.2019
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial liabilities</b>				
Interest-bearing loans and borrowings:	86 066	86 066	16 731	16 731
Floating rate borrowings				
Fixed rate borrowings				
Embedded derivatives	439 778	439 778		
Leasing liability (note 22)	76 724	76 724	45 507	45 507
<b>Total</b>	<b>602 567</b>	<b>602 567</b>	<b>163 993</b>	<b>163 993</b>

Fair Value measurement convertible loan	31.12.2020
<b>Balance sheet as at 01.01.2020</b>	-101 755
Gains and losses recognised in the current Income Statement	-334 803
Exchange rate effect on fair value	-3 219
Purchase, sale, issue and settlement	-
Amounts transferred to and from level 3	
Unrealised profit (loss) recognised in other comprehensive income (OCI)	-
<b>Balance sheet as at 31.12.2020</b>	<b>-439 778</b>

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

#### Market risk

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

The Group has interest-bearing debt as described above. An increase in the interest rate of 1% would increase interest on debt by approximately NOK 0.93 million per year.

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

Net foreign currency losses totalled NOK 2.4 million in 2020 (2019: NOK 12 million). The currency translation difference in equity as at 31 December 2020 was a net profit of NOK 1.3 million (2019: NOK 404,000).

When the Skive plant under construction is operational in 2021 the Group will be subject to credit risk from the Skive plant and Kristiansund plant in connection with sales to customers. The credit risk will be



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monitored at Group level and is for a large part expected be mitigated by most of the produce being delivered to solid multinational chemical companies.

Liquidity risk is the risk that the Group will not be able to meet its financial obligations when they are due or that financing will not be available at. The Group's liquid resources are monitored to ensure that there is sufficient liquidity available to complete the construction of the plants, to start up production and deliver products to paying customers on a continuous basis. At 31 December 2020 the Group had NOK 692 million in liquid reserves.

### Note 17 Other current receivables

	<b>2020</b>	<b>2019</b>
Trade receivables	3 359	-
Provision for expected losses	-	-
<b>Net trade receivables</b>	<b>3 359</b>	<b>-</b>
Prepayments	2 965	2 083
Public duties and taxes receivable	7 145	14 485
Other	8	-
<b>Total other receivables</b>	<b>10 118</b>	<b>16 568</b>
<b>Total current receivables</b>	<b>13 477</b>	<b>16 568</b>

### Note 18 Cash and cash equivalents

	<b>2020</b>	<b>2019</b>
Cash and bank deposits	690 314	149 387
Restricted cash	1 909	1 279
<b>Total</b>	<b>692 223</b>	<b>150 666</b>

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

### Cash and cash equivalents per currency

	<b>2020</b>	<b>2019</b>
NOK	684 701	145 500
DKK	7 342	4 931
USD	19	30
EUR	16	14
SEK	145	191
<b>Total</b>	<b>692 223</b>	<b>150 666</b>



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### Note 19 Share capital and shareholder information

Quantafuel ASA has one class of shares. The total number of shares at year end were 135,826,217 (2019: 111,674,670 adjusted for split) with a nominal value of NOK 0.01. The share capital at 31 December 2020 was NOK 1,358,262 (2019: NOK 1,116,746.70 adjusted for split,).

The movement in the number of shares and share capital during the year was the following:

Date	Event	Share price (NOK)	Total share capital (NOK)	New shares issued	Total no. of Shares
<b>31.12.2017</b>	<b>Total number of shares</b>		<b>406 042,60</b>		<b>40 604 260</b>
18.06.2018	Private placement	6,80	626 642,60	22 060 000	62 664 260
06.08.2018	Loan conversion	4,08	726 795,60	10 015 300	72 679 560
12.03.2019	Private placement	5,50	999 522,80	27 272 720	99 952 280
14.10.2019	Vitol Conversion	9,80	1 029 660,30	3 013 750	102 966 030
07.10.2019	BASF Investment	11,8	1 114 346,70	8 468 640	111 434 670
21.10.2019	Exercise of options	4,6	1 115 146,70	80 000	111 514 670
21.10.2019	Exercise of options	6,8	1 116 746,70	160 000	111 674 670
30.03.2020	Exercise of options	4,6	1 117 746,70	100 000	111 774 670
03.07.2020	Kirkbi Investment	18	1 256 635,50	13 888 880	125 663 550
11.09.2020	Exercise of options	4,6 / 6,8	1 259 435,50	280 000	125 943 550
18.09.2020	Private placement	70	1 345 435,50	8 600 000	134 543 550
15.10.2020	Exercise of options	4,6 / 10,9 / 16,7	1 348 202,17	276 667	134 820 217
12.11.2020	Purchase Replast AS	50	1 356 202,17	800 000	135 620 217
	Purchase of Hulteberg Chemistry and Engineering IP	50	1 357 262,17	106 000	135 726 217
29.12.2020	Exercise of options	4,6	1 358 262,17	100 000	135 826 217
<b>31.12.2020</b>	<b>Total number of shares</b>				<b>135 826 217</b>

For 2020 the transaction costs booked towards share premium amounts to NOK 29.92 million (2019: NOK 26.22 million where NOK 7.8 million were a correction for 2018).

As at year end the Board of Directors are granted the following authorisations to increase the share capital of Quantafuel ASA:

3 July 2020: Authorisation to increase the share capital with up to NOK 251,327.10 of which NOK 156,267.10 remains unissued. The authorisation is valid until 3 July 2021. The authorisation may be used to carry out share issues to third parties identified by the Board and with whom the Company intends to establish, continue, or develop an industrial, scientific, commercial or strategic cooperation to facilitate the development or commercialisation of technology or production.

3 July 2020: Authorisation to increase the share capital with up to NOK 90,000.00, of which NOK 83,433.33 remains unissued. The authorisation is valid until 30 June 2021. The authorisation may only be used to establish or implement incentive arrangements for the employees and Board members of the Company or its subsidiaries (900,000 options maximum) that have been approved by the Board

3 July 2020: Authorisation to acquire own shares with an aggregated par value of up to NOK 90,000.00, of which NOK 90,000.00 remains unissued. The authorisation is valid until 30 June 2021. The authorisation may only be used for the purpose of meeting the Company's obligations arising from the Company's share option



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program for the employees and Board members of the Company or its subsidiaries, and can only be used in connection with the number of shares to be issued under the authorisation to increase the share capital above.

### Ownership structure

The number of shareholders at 31 December 2020 was 7 975. The Group's 20 largest shareholders as at 31 December 2020 is as follows:

Shareholder	No of shares	% of total
Danske Bank A/S	16 861 890	12,4 %
BASF ANTWERPEN N.V.	8 468 640	6,2 %
Nordnet Bank AB	4 875 850	3,6 %
CLEARSTREAM BANKING S.A.	4 776 838	3,5 %
T.D. VEEN AS	4 236 360	3,1 %
PRO AS	3 526 470	2,6 %
KB MANAGEMENT AS	3 457 050	2,5 %
Nordea Bank Abp	2 450 416	1,8 %
AS CLIPPER	2 400 000	1,8 %
MØSBU AS	2 212 090	1,6 %
FAREID HOLDING AS	2 165 020	1,6 %
J.P. Morgan Bank Luxembourg S.A.	2 067 305	1,5 %
MIDAS CAPITAL AS	1 809 660	1,3 %
Citibank, N.A.	1 807 431	1,3 %
BNP PARIBAS SECURITIES SERVICES	1 695 424	1,2 %
J.P. Morgan Bank Luxembourg S.A.	1 694 030	1,2 %
VERDIPAPIRFONDET DNB GRØNT NORDEN	1 467 662	1,1 %
SPESIALFONDET KLP ALFA GLOBAL ENER	1 400 000	1,0 %
J.P. Morgan Bank Luxembourg S.A.	1 358 379	1,0 %
SN SAMLEREN AS	1 358 295	1,0 %
VERDIPAPIRFONDET DNB GRØNT NORDEN	1 467 662	1,1 %
<b>Total 20 largest shareholders</b>	<b>71 556 472</b>	<b>52,7 %</b>
Other shareholders	64 269 745	47,3 %
<b>Total number of shares</b>	<b>135 826 217</b>	<b>100,0 %</b>

The Group has not paid any dividends in 2019 or 2020.

### Shares held by Primary Insiders or their related parties

Kjetil Bøhn through company KB Management AS	3 457 050	2,5 %
Related parties to Kjetil Bøhn	200 000	0,1 %
Terje U. Eiken	65 217	0,0 %
Winifred Johansen	680	0,0 %
Oscar Spieler	713 430	0,5 %
Oscar Spieler through company SOS shipping	870 170	0,6 %
Thorleif Enger through company Thoeng AS	129 300	0,1 %
<b>Total number of shares held by Primary Insiders or related parties</b>	<b>5 435 847</b>	<b>4,0 %</b>





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### Note 20 Government grants

The table below shows the grants from Enova SF and that status of disbursement of the grants.

	<b>BtL</b>	<b>PtL</b>
<b>Maximum grant</b>	<b>13 826</b>	<b>10 498</b>
Received as at 1 January 2018	1 307	6 442
Received during 2018	121	150
Received during 2019	146	-
Received during 2020	-	-
<b>Total paid out</b>	<b>1 575</b>	<b>6 592</b>
<b>Not yet paid out</b>	<b>12 251</b>	<b>3 906</b>

It is expected that BtL grant will be used to partly finance the Biomass to Liquid plant to be developed under the Avinor Agreement. The PtL plant will be used to partly finance a Plastic to Liquid (PtL) plant in Oslo, Norway.

In addition, the Group has three projects that have been approved by the Research Council of Norway under the SkatteFunn scheme. In 2019 The Group received NOK 158,000 in tax credits from these two projects. In 2020 the Group has received NOK 4.87 million in SkatteFunn relating to Replast AS project.

The Group also finished a small PtL project with grant from Innovasjon Norge, total of NOK 350,000 in 2019 (with total support of NOK 500,000, whereas NOK 150,000 was received in 2017).

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

### Note 21 Other current liabilities

	<b>2020</b>	<b>2019</b>
Public duties payable	37 581	11 812
Accrued expenses	33 913	19 021
<b>Total other current liabilities</b>	<b>71 494</b>	<b>30 833</b>

Other current liabilities by currency:

	<b>2020</b>	<b>2019</b>
NOK	68 384	29 449
DKK	3 068	1 349
EUR	-	-
USD	-	-
SEK	42	35
GBP	105	-
<b>Total other current payables</b>	<b>71 494</b>	<b>30 833</b>



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### Note 22 Leases

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

	2020		2019	
	Property and plant	Total	Property and plant	Total
<b>Right of use assets</b>				
<b>Balance at 01 January</b>	<b>44 602</b>	<b>44 602</b>	<b>32 463</b>	<b>32 463</b>
Depreciations <sup>4</sup>	-7 734	-7 734	-2 908	-2 908
Additions	31 698	31 698	15 047	15 047
Of which lease liability	31 698	31 698	15 047	15 047
Of which liability adjustments	124	124	-	-
Effects of movements in exchange rates	2 837	2 837	-	-
<b>Balance at 31 December</b>	<b>71 527</b>	<b>71 527</b>	<b>44 602</b>	<b>44 602</b>

	2020	2019 <sup>5</sup>
<b>Lease liabilities</b>		
Maturity analysis - contractual undiscounted cash flows		
Less than one year	11 254	
One to five years	44 866	
More than five years	59 240	
Total undiscounted lease liabilities at 31 December	115 360	
<b>Lease liabilities included in the statement of financial position at 31 December</b>	<b>76 724</b>	<b>45 507</b>
Current	5 723	4 366
Non-current	71 000	41 141

	2020	2019
<b>Amounts recognised in profit or loss</b>		
Interest on lease liabilities	4 829	2 620
Depreciation of right-of-use assets	5 269	2 908
Gains (-) and losses (+) due to terminations, purchases, impairments, and other changes	-	-
Variable lease payments not included in the measurement of lease liabilities	-	212

<sup>4</sup> Depreciation includes depreciation for Replast AS full year, as the depreciation recognised in profit or loss is from the date of control

<sup>5</sup> The information for 2020 is based on change of system for the year, the 2019 compared figures does not include this information. Please refer to note 3 estimate changes



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<b>Amounts recognised in the statement of cash flow</b>	<b>2020</b>	<b>2019</b>
Total cash outflow for leases	7 671	3 418

<b>Additional information / sensitivity analysis</b>	<b>2020</b>	<b>2019</b>
Options to extend not yet committed to, discounted liability effect	17 941	-
Excluding options to terminate committed to but not yet occurred, discounted liability effect	-	2 623
Residual value guarantees not included in the measurement of lease liabilities	-	-
Leases not yet commenced to which the lessee is committed	-	14 255
Effect on lease liabilities if the discount rate increases by 1 %	-3 134	-
Effect on lease liabilities if the discount rate decreases by 1 %	3 388	-

<b>Control of the discounted lease liability</b>	<b>2020</b>
Total undiscounted lease liabilities at 31 December	115 360
Lease liabilities included in the statement of financial position at 31 December	76 724
Difference	38 637
Control: remaining interest	38 637

The maturity of lease liabilities is disclosed in note 16.

Amendments to estimates have been made in connection with the implementation of new calculation systems for leasing. The estimate changes are recognised through profit and loss.

### *Estimate change 2020 leasing*

Right of use asset	77 168
Lease liability	80 644
Depreciation	7 015
Interest expense	70 286

### **Note 23 Inventories**

	<b>2020</b>	<b>2019</b>
Finished goods:	3 217	-
At net realisable value	3 217	-
At cost	-	-
<b>Total finished goods</b>	<b>3 217</b>	<b>-</b>



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### Note 24 Earnings per share

The basic earnings per share are calculated as the ratio of the loss for the year that is due to the shareholders of the parent of NOK 502 million (NOK 100 million in 2019) divided by the weighted average number of ordinary shares outstanding, NOK 119.79 million (NOK 92.56 million in 2019).

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

The profit for the year attributable to the ordinary shareholders is adjusted for interest costs (after tax) relating to the convertible bonds. The "denominator" takes account of all the shares that can be received if debt is converted and all the share options that are "in-the-money" and can be exercised. In the calculations, convertible bonds and share options are assumed to have been converted/ exercised on the first date in the fiscal year. Convertible bonds and share options issued this year are assumed to be converted/ exercised at the date of issue/ grant date. The dilution effect on share options are calculated as the difference between average fair value in an active market and the sum of not recognised cost portion of the options.

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

	2020	2019
<b>Profit (loss) for the year due to holders of ordinary shares</b>		
Profit for the year from continuing operations	-496 699	-98 080
<b>Profit (loss) for the year due to the holders of ordinary shares</b>	<b>-496 699</b>	<b>-98 080</b>
<b>Diluted profit</b>		
The profit for the year due to the holders of ordinary shares	-496 699	-98 080
The effect of interest on convertible bonds (before tax)	13 343	2 158
<b>Diluted profit for the year due to the holders of ordinary shares</b>	<b>-483 356</b>	<b>-95 922</b>
	<b>2020</b>	<b>2019</b>
<b>Average number of shares outstanding (Note 19)</b>	119 792 943	92 561 158
Effect of dilutive potential ordinary shares:		
Convertible bonds	749 136	705 741
Share options	5 628 334	4 705 000
<b>Diluted average number of shares outstanding</b>	<b>6 377 470</b>	<b>5 410 741</b>

### Note 25 New subsidiary in Group

On 11 August 2020, Quantafuel ASA acquired 49% of the voting shares in Replast AS for NOK 10 million. The acquisition was financed in cash, and Quantafuel ASA obtained an option to acquire the remaining 51%. On 12 November 2020, Quantafuel ASA acquired the remaining 51% of the voting shares in Replast AS for NOK 40 million. The acquisition was financed by issuing 800 000 shares at a subscription price of NOK 50 per share (nominal value NOK 0.01, and share premium totalling NOK 49.99). In addition there is an earn-out agreement of NOK 10 million, based on EBITDA and capex performance relating to budget in the period Q4-2021 to Q3-2022. The remuneration for the earn-out agreements is considered to be included in the



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remuneration for the business, and not as a settlement for services that the employees or owners are to perform on behalf of the merged business in future periods.

Replast AS is a limited company located in Kristiansund, Norway.

Quantafuel's chemical recycling technology is complementary with mechanical recycling solutions and has the capability of processing post-consumer fractions that until now have been difficult or impossible to recycle. By combining these two technologies in one production facility, Quantafuel will secure the most efficient and highest possible recycling rate, and the supply and control of feedstock for a new chemical recycling plant in Norway. Ownership interest equals the share of voting rights.

The net assets acquired in the acquisition of Replast AS are as follows:

	<b>Fair value recognised on acquisition</b>
<b>Assets</b>	
Property, plants and equipment (note 15)	53 240
Right-of-use assets	20 416
Cash and cash equivalents	3 754
Trade accounts receivable	447
Inventories	3 707
Other non-current assets	580
	<b>82 144</b>
<b>Liabilities</b>	
Trade creditors	-8 092
Lease liability	-20 752
Long term debt (note 16)	-41 600
Interest bearing debt	-5 784
Deferred tax liability	0
	<b>-76 228</b>
<b>Net identifiable assets and liabilities at fair value</b>	<b>5 916</b>
Non-controlling interest measured at fair value	
Goodwill	54 085
<b>Purchase consideration transferred</b>	<b>60 000</b>
Shares issued, at fair value	40 000
Cash	10 000
Earn-out based on performance 2021 – 2022	10 000
<b>Total consideration</b>	<b>60 000</b>
Paid in cash	10 000
Cash received	0
<b>Net decrease/(increase) in cash</b>	<b>10 000</b>



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### Note 26 Segment reporting

Quantafuel develops technology that contributes to solving the global waste problem. The Company has as per 31.12.2020 only one defined business segment, and as the financial statement is consistent with the internal financial reporting and thus is equal to the Income Statement, Statement of Financial Position and Cash flow statement, no further disaggregation has been provided. The Group's assessment of segment reporting will be reviewed on a continuous basis.

### Note 27 Commitments and contingencies

#### *Government grants*

The Group has received government grants from Enova SF. As at the balance sheet date the Group have received a total of NOK 8.1 million under these grants, as presented in note 20. If the projects should not be completed as described in the applications to Enova SF the grants, plus interest from the date of disbursement by Enova, are repayable by the Group.

In relation to establish a Biomass-to-Liquid (BtL) plant in Norway, the Group signed an agreement with Avinor 18 June 2019. The Group has received NOK 4 million as prepayment for deliveries from the BtL plant that is under development. If the BtL plant is not built, the Buyer have the right to be compensated with PtL diesel fuel produced at the plant in Denmark. Deliveries will be priced at market prices. Both the Group and the Buyer is entitled to terminate the agreement with 12 months' notice. If terminated by the Group, any prepayments are repayable in full.

#### *Agreement with BASF*

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

### Note 28 Related party disclosures

The Chairperson of the Board has been employed for a period during the year and received salary of NOK 153,000 during the year, in addition to Board remuneration, including holiday pay. For 2019 the Chairperson received NOK 300,000 in salary.

The Group had a consultancy agreement with a consultancy company owned by the Deputy Chairperson of the Board for a monthly remuneration of NOK 100,000 in addition to Board remuneration. This agreement is now terminated. Payment under this agreement amounted to NOK 700,000 during the financial year.

"Collaboration agreement" between BASF and Quantafuel was signed 17 March 2020 relating to developing the "plastic-to-liquid" technology. The Parties are expected to make equivalent contributions to the development project, e.g. in the form of expertise, man hours, resources, financing, etc. Total project cost for 2020 in relation to collaboration agreement is EUR 730,000 of which BASF covered half, EUR 365,000.



## QUANTAFUEL ASA - Notes to the consolidated financial statements for 2020

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

### Note 29 Standards issued but not yet effective

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

### Note 30 Events after the balance sheet date

On 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 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.

On 25 February 2021 it was announced that Quantafuel has engaged New Deputy CEO and Chief Commercial Officer, Dr. Christian Lach who comes from the position as Project Lead ChemCycling in BASF. He joined Quantafuel on 15 April 2021

On 1 March 2021 it was announced that Quantafuel has entered into an agreement with Corepla and SAIPEM to jointly promote circular economy models for plastic waste, and to seek building chemical recycling plants throughout Italy. Corepla is an Italian national consortium for the collection, recovery and recycling of plastic packaging waste, while SAIPEM is a leading company in engineering, drilling and construction of major projects in the energy and infrastructure sectors, a global solution provider present in over 60 countries worldwide and 31,000 employees of 130 different nationalities.

On 4 March 2021 it was announced that German TÜV has issued REDcert2 environmental certificate for Quantafuel. This certificate testifies that Quantafuel sources feedstock from sustainable sources and has robust systems documenting mass balance and resource efficiency. Following the receipt of the certificate, Quantafuel has sent the first commercial batch of products from Skive to BASF.

On 9 March 2021 new shares were registered in the Norwegian Register of Business Enterprise. Quantafuel issued 183,332 shares at NOK 0.01 per share.

One of the primary insiders exercised 96,666 share options and sold a corresponding amount of shares in Quantafuel ASA. 80,000 share options have been exercised at NOK 4.60 per share and 16,666 share options have been exercised at NOK 10.90 per share. The shares were sold at an average price of NOK 54.08 per share.

On 21 April 2021 it was announced that BASF, Quantafuel and REMONDIS have signed a Memorandum of Understanding (MoU) to jointly evaluate a cooperation in chemical recycling including a joint investment into a pyrolysis plant for plastic waste.

The total share capital of Quantafuel as at 27 April 2021 was NOK 1,387,295.93 divided by 138,729,593 shares, each with a par value of NOK 0.01



Quantafuel ASA  
Financial statements  
31 December 2020



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**QUANTAFUEL ASA**  
**INCOME STATEMENT**  
**1 JANUARY – 31 DECEMBER**  
(Amounts in NOK thousands)

	Note	2020	2019
<b>Operating revenue</b>	2	<b>21 183</b>	<b>40 698</b>
Cost of materials		134 225	222 258
Salaries and personnel costs	3	66 313	23 198
Depreciation and amortisation	7,13	2 480	1 216
Other operating expenses	4	26 690	18 413
<b>Operating profit (loss)</b>		<b>-208 524</b>	<b>-224 387</b>
Finance income		4 698	675
Finance expense		342 518	-15 509
<b>Net financial items</b>	5	<b>-337 820</b>	<b>-14 834</b>
<b>Profit (loss) before tax</b>		<b>-546 344</b>	<b>-239 221</b>
Income tax expense	6	-	-
<b>Profit (loss) for the period</b>		<b>-546 344</b>	<b>-239 221</b>

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

	Note	2020	2019
<b>Profit for the period</b>		<b>-546 334</b>	<b>-239 221</b>
<b>Other comprehensive income:</b>			
Translation differences, net			
<b>Total comprehensive profit (loss)</b>		<b>-546 334</b>	<b>-239 221</b>



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

	Note	2020	2019
<b>ASSETS</b>			
Intangible assets	7	30 436	19 892
Property plant and equipment	7	3 086	1 541
Right-of-use asset	13	12 718	3 043
Shares in subsidiaries	8	67 156	17 155
Other non-current assets		29 730	-
<b>Total non-current assets</b>		<b>143 126</b>	<b>41 631</b>
Accounts receivable	9,10	14 374	-
Other receivables	9,10	122 992	65 959
Cash and cash equivalents	11	682 274	145 437
<b>Total current assets</b>		<b>819 639</b>	<b>211 396</b>
<b>Total assets</b>		<b>962 766</b>	<b>253 027</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		1 358	112
Other paid-in capital		1 373 496	497 874
Retained earnings		-1 028 539	-482 195
<b>Total equity</b>		<b>346 315</b>	<b>15 791</b>
Non-current interest bearing liabilities	9	439 778	101 755
Long-term leasing liability	9,13	11 411	2 226
<b>Total non-current liabilities</b>		<b>451 189</b>	<b>103 981</b>
Short-term leasing liability	9,13	1 707	933
Accounts payable	12	46 669	61 623
Current interest bearing liabilities	9	-	-
Other current liabilities	12	116 856	70 699
<b>Total current liabilities</b>		<b>165 261</b>	<b>133 255</b>
<b>Total equity and liabilities</b>		<b>962 766</b>	<b>253 027</b>

Oslo, 27 April 2021

Oscar Spieler – Chairperson

Ann-Christin G. Andersen – Deputy Chairperson

Jim Dåtland – Board Member

Dr. Thorleif Enger – Board Member

Wenche Nistad – Board Member

Wenche Teigland – Board Member

Kasper Trebbien – Board Member

Dr. Maximilian Walter – Board Member

Kjetil Bøhn – CEO



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

Note	<u>2020</u>	<u>2019</u>
<b>Profit (loss) before tax</b>	<b>-546 344</b>	<b>-239 221</b>
Depreciation and amortisation	2 480	1 216
Taxes paid	-	-
Share-based payment expense	5 059	6 597
Net financial items	337 820	-14 834
Adjustments to net income	-	-
Changes in net accounts receivable and payable	1 588	64 860
Changes in working capital and other accruals	-70 420	-68 144
<b>Net cash flows from operating activities</b>	<b>-269 818</b>	<b>-249 526</b>
Purchase of property, plant and equipment	-2 137	-4 275
Purchase of intangible asset	-5 302	-10 874
Investments	-10 000	-
Interest income	618	675
<b>Net cash flows from investment activities</b>	<b>-16 821</b>	<b>-14 474</b>
Capital placement	826 438	238 866
Proceeds from borrowings	-	101 175
Repayment of borrowings	-	-
Payments of lease liabilities	-2319	1 204
Interest expense	-643	-1
<b>Net cash flows from financing activities</b>	<b>823 476</b>	<b>338 836</b>
<b>Net change in cash and cash equivalents</b>	<b>536 837</b>	<b>74 836</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>145 437</b>	<b>70 601</b>
<b>Cash at cash equivalents at end of period</b>	<b>682 274</b>	<b>145 437</b>



**1 JANUARY - 31 DECEMBER**  
(Amounts in NOK thousands)

	Share capital	Share premium	Retained earnings	Total
<b>Restated Equity at 31 December 2018</b>	<b>73</b>	<b>235 368</b>	<b>- 250 820</b>	<b>- 15 379</b>
Profit (loss)			- 239 221	- 239 221
Other comprehensive income				-
Total comprehensive income				-
Increase in share capital	39	259 271	7 846	267 156
Currency gain in regards to equity increase		1 245		1 245
Share-based payments		1 990		1 990
<b>Equity at 31 December 2019</b>	<b>112</b>	<b>497 874</b>	<b>- 482 195</b>	<b>15 791</b>
Profit (loss)		-	- 546 344	- 546 344
Increase in share capital	1 247	870 563	-	871 810
Currency gain in regards to equity increase	-	-	-	-
Share-based payments	-	5 059	-	5 059
<b>Equity at 31 December 2020</b>	<b>1 358</b>	<b>1 373 496</b>	<b>- 1 028 539</b>	<b>346 315</b>



## QUANTAFUEL ASA - Notes to the parent company financial statements for 2020

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

### Note 1 Corporate information and basis of preparation

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

#### 1.1 Revenue from contracts with customers

The Company has a contract with its subsidiary Quantafuel Skive ApS to deliver a plastic waste plant at an fixed amount of USD 12 million. The project is accounted for as a contract with customers, applying IFRS 15 *Revenue from contracts with customers*, recognising revenues over time by measuring cost passed in relation to full satisfaction of the performance obligation. When it is probable that contract costs will exceed the total contract revenue, the expected loss is recognised as an expense immediately in accordance with IAS 37.

#### 1.2 Changes in accounting policies and disclosures

Amendments to estimates have been made in connection with the implementation of new calculation systems for options and leasing. The estimate changes are recognised through profit or loss.

##### *Estimate change 2020 employee share options*

Option cost: additional cost of NOK 63,606

Social taxes relating to options: reversed cost of NOK 1,928,804

##### *Estimate change 2020 leasing liability and Right of use asset*

Right of use asset	77 168
Lease liability	80 644
Depreciation	7 015
Interest expense	70 286

### Note 2 Revenue from contracts with customers

	2020	2019
Revenue from contracts with customers	13 565	40 201
Other revenue	7 618	497
<b>Total revenue</b>	<b>21 183</b>	<b>40 698</b>

Revenue from contracts with customers of NOK 13.57 million (2019: NOK 40.2 million) is all related to the Quantafuel Skive project in Denmark.

Other revenue in 2020 consists of NOK 2.28 million relating to the Equinor project and NOK 5.33 million relating to the Grønt Punkt Norge project.

Other revenue in 2019 consists of NOK 147,000 from Enova grants (in 2018 NOK 121,000) and NOK 350,000 from Innovasjon Norge. See note 20 in Group for further information regarding grants.



## QUANTAFUEL ASA - Notes to the parent company financial statements for 2020

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

### Note 3 Salary and personnel costs

	<u>2020</u>	<u>2019</u>
Salaries	30 136	15 055
Pension expenses	1 126	584
Social security taxes	8 115	2 294
Share-based payments	5 059	1 990
Accrued social security taxes for share-based payments	23 645	6 979
Other benefits	1 825	1 029
Salary costs reclassified as project cost	-3 593	-4 732
<b>Total</b>	<b>66 313</b>	<b>23 198</b>
<b>Full time equivalent employees</b>	<b>28</b>	<b>18</b>

The company has a pension contribution plan covering all employees. The plan is in compliance with legal requirements.

### Note 4 Other operating expenses

	<u>2020</u>	<u>2019</u>
R&D	1 140	-
Rent and other office expenses	2 095	1 132
IT and other equipment	2 015	467
Travel expenses	17 374	2 499
External services	1 014	13 599
Other	3 052	715
<b>Total</b>	<b>26 690</b>	<b>18 413</b>

Compensation to auditors are as follows:

	<u>2020</u>	<u>2019</u>
Statutory audit fee	464	152
Other assurance engagements	264	420
<b>Total</b>	<b>728</b>	<b>572</b>

### Note 5 Financial income and expenses

	<u>2020</u>	<u>2019</u>
Interest income	3 378	675
Interest expenses	-898	-1 402
Net foreign currency gains (losses)	-4 863	-11 994
Financial items related to convertible loan	-334 803	-2 055
Other	-634	-58
<b>Total</b>	<b>-337 820</b>	<b>-14 834</b>



## QUANTAFUEL ASA - Notes to the parent company financial statements for 2020

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

### Note 6 Income taxes

The major components of income tax expense:

	<u>2020</u>	<u>2019</u>
Current income tax charge		
Change in deferred tax		
<b>Tax expense (income)</b>	-	-

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

	<u>2020</u>	<u>2019</u>
Profit (loss) before tax	-546 344	-239 221
Estimated tax on profit (loss) before tax (22%)	-120 196	-52 629
Effect of temporary differences	84 538	45 780
Effect of permanent differences	-6 519	255
Effect of different tax rates in foreign operations	-	-
Effect of deferred tax assets not recognised	42 177	6 594
<b>Income tax expense (income)</b>	-	-

Deferred tax assets (liabilities) relate to the following:

	<u>2020</u>	<u>2019</u>
Provisions and contracts	86 211	53 353
Tax loss carryforwards	73 336	33 549
Long term debt	71 557	-362
Other items	5 756	3 958
<b>Total deferred tax assets (liabilities)</b>	<b>236 860</b>	<b>90 497</b>
Deferred tax assets not recognised	-236 860	-90 497
<b>Net deferred tax assets (liabilities) in balance sheet</b>	-	-



## QUANTAFUEL ASA - Notes to the parent company financial statements for 2020

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

### Note 7 Intangible and tangible assets

	Development cost	Acquired patents and rights	Total intangibles	Machinery and equipment
<b>Acquisition cost 1 January 2019</b>	<b>8 586</b>	<b>887</b>	<b>9 473</b>	<b>749</b>
Additions	10 873		10 873	1 434
Disposals			-	
Reclassification			-	
Exchange differences			-	
<b>Acquisition cost 31 December 2019</b>	<b>19 459</b>	<b>887</b>	<b>20 346</b>	<b>2 183</b>
<b>Acquisition cost 1 January 2020</b>	<b>19 459</b>	<b>887</b>	<b>20 346</b>	<b>2 183</b>
Additions	10 390	212	10 602	2 137
Disposals			-	
Reclassification			-	
Exchange differences			-	
<b>Acquisition cost 31 December 2020</b>	<b>29 849</b>	<b>1 099</b>	<b>30 948</b>	<b>4 320</b>
<b>Accumulated depreciation 1 January 2019</b>	<b>-</b>	<b>454</b>	<b>454</b>	<b>440</b>
Depreciation	-		-	202
Disposals			-	
Impairment			-	
Reclassification			-	
Exchange differences			-	
<b>Accumulated depreciation 31 December 2019</b>	<b>-</b>	<b>454</b>	<b>454</b>	<b>642</b>
<b>Accumulated depreciation 1 January 2020</b>	<b>-</b>	<b>454</b>	<b>454</b>	<b>642</b>
Depreciation		58	58	592
Disposals			-	
Impairment			-	
Reclassification			-	
Exchange differences			-	
<b>Accumulated depreciation 31 December 2020</b>	<b>-</b>	<b>512</b>	<b>512</b>	<b>1 234</b>
<b>Net book value 31 December 2019</b>	<b>19 459</b>	<b>433</b>	<b>19 892</b>	<b>1 541</b>
<b>Net book value 31 December 2020</b>	<b>29 849</b>	<b>587</b>	<b>30 436</b>	<b>3 087</b>
Useful life	No depreciation	10 years		3-15 years
Depreciation		Straight line		Straight line

The company activated in 2019 NOK 10.8 million of engineering costs in regard to construction. The activation of total NOK 19.5 million will not be amortised as it is costs related to the generic concept.





## QUANTAFUEL ASA - Notes to the parent company financial statements for 2020

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

### Note 8 Subsidiaries and joint ventures

Name	Principal activities	Country	2020	2019
Quantefuel Skive ApS	Production	Denmark	16 870	16 870
Quantafuel Oslo AS	Dormant	Norway	30	30
Quantafuel Sweden AB	Dormant	Sweden	249	249
Quantafuel UK Ltd	Dormant	UK	6	6
Next Gen Energy S.A. de C.V.	Dormant	Mexico	-	-
Replast AS	Production	Norway	50 000	-
<b>Total carrying amount</b>			<b>67 156</b>	<b>17 155</b>

### Note 9 Financial assets and liabilities

	31.12.2020	31.12.2019
<b>Debt instruments at amortised cost:</b>		
Trade and other receivables	137 366	65 959
<b>Sum financial assets</b>	<b>137 366</b>	<b>65 959</b>
<b>Total current</b>	<b>137 366</b>	<b>65 959</b>
<b>Total non-current</b>	-	-

	Interest rate	Maturity	31.12.2020	31.12.2019
<b>Current interest-bearing liabilities</b>				
Lease liabilities	8.5%		1 707	933
<b>Total current</b>			<b>1 707</b>	<b>933</b>
<b>Non-current interestbearing loans:</b>				
BASF liability	19%	2022	79 019	62 456
BASF conversion right liability	n.a.		360 758	39 299
Lease liabilities	8.5%		11 411	2 226
<b>Total non-current</b>			<b>451 189</b>	<b>103 981</b>
<b>Total interest-bearing liabilities</b>			<b>452 896</b>	<b>104 914</b>

Other financial liabilities at amortised cost:

	31.12.2020	31.12.2019
Trade and other payables	163 555	132 322
<b>Total current</b>	<b>163 555</b>	<b>132 322</b>
<b>Total non-current</b>	-	-



## QUANTAFUEL ASA - Notes to the parent company financial statements for 2020

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

### Maturity Profile

	Less than 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
<b>Year ended 31 December 2020</b>					
Interest-bearing liabilities (excluding those below)			439 778		439 778
Lease liabilities	427	1 280	11 411		13 118
Accounts payable	46 699				46 699
Other current liabilities					-
<b>Total</b>	<b>47 125</b>	<b>1 280</b>	<b>451 190</b>	<b>-</b>	<b>499 594</b>
<b>Year ended 31 December 2019</b>					
Interest-bearing liabilities (excluding those below)			101 755		101 755
Lease liabilities	307	726	2 226		3 159
Accounts payable	61 623				61 623
Other current liabilities					-
<b>Total</b>	<b>61 830</b>	<b>726</b>	<b>103 981</b>	<b>-</b>	<b>166 537</b>

### Fair values

	31.12.2020	31.12.2020	31.12.2019	31.12.2019
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial liabilities</b>				
Interest-bearing loans and borrowings:	439 778	439 778	101 755	101 755
Leasing liability (note 13)	13 118	13 118	3 159	3 159
<b>Total</b>	<b>452 896</b>	<b>452 896</b>	<b>104 914</b>	<b>104 914</b>

Fair Value measurement	31.12.2020
Balance sheet as at 01.01.2020	-101 755
Gains and losses recognised in the current Income Statement	-334 803
Exchange rate effect on fair value	-3 219
Purchase, sale, issue and settlement	-
Amounts transferred to and from level 3	
Unrealised profit (loss) recognised in other comprehensive income (OCI)	-
<b>Balance sheet as at 31.12.2020</b>	<b>-439 778</b>



## QUANTAFUEL ASA - Notes to the parent company financial statements for 2020

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

### Note 10: Trade and other receivables

	<u>2020</u>	<u>2019</u>
Trade receivables	14 374	-
Provision for expected losses	-	-
<b>Net trade receivables</b>	<b>14 374</b>	<b>-</b>

(Trade receivables in 2020 includes intercompany receivables)

Contract assets		
Other current receivables	122 992	65 959
<b>Total current receivables</b>	<b>137 366</b>	<b>65 959</b>

Trade and other current receivables by currency:

(Amount currency stated in NOK)

	<u>2020</u>	<u>2019</u>
NOK	17 420	54 183
DKK	51 880	11 776
EUR	3 083	-
USD	64 949	-
GBP	34	-
<b>Total current receivables</b>	<b>137 366</b>	<b>65 959</b>

### Note 11: Cash and cash equivalents

	<u>2020</u>	<u>2019</u>
Cash and bank deposits	680 463	144 158
Restricted cash	1 811	1 279
<b>Total</b>	<b>682 274</b>	<b>145 437</b>

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

Cash and cash equivalents per currency

(Amount currency stated in NOK)

	<u>2020</u>	<u>2019</u>
NOK	682 186	145 392
DKK	53	-
USD	19	30
EUR	16	15
<b>Total</b>	<b>682 274</b>	<b>145 437</b>



## QUANTAFUEL ASA - Notes to the parent company financial statements for 2020

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

### Note 12 Trade and other payables

	<u>2020</u>	<u>2019</u>
Accrued commissions	46 699	61 623
Intercompany liabilities	1 383	456
Other current liabilities	115 473	70 243
<b>Total other current liabilities</b>	<b>163 555</b>	<b>132 322</b>

Other current liabilities by currency:

	<u>2020</u>	<u>2019</u>
NOK	162 172	132 322
DKK	1 383	-
<b>Total other current payables</b>	<b>163 555</b>	<b>132 322</b>

### Note 13 Leases

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

	2020		2019	
	Property and plant	Total	Property and plant	Total
<b>Right of use assets</b>				
<b>Balance at 01 January</b>	<b>3 043</b>	<b>3 043</b>	<b>4 057</b>	<b>4 057</b>
Depreciations <sup>6</sup>	-1 662	-1 662	-1 014	-1 014
Additions	11 212	11 212	0	0
Of which lease liability	11 212	11 212	0	0
Of which liability adjustments	124	124	0	0
Effects of movements in exchange rates	0	0	0	0
<b>Balance at 31 December</b>	<b>12 718</b>	<b>12 718</b>	<b>3 043</b>	<b>3 043</b>

	<u>2020</u>	<u>2019<sup>7</sup></u>
<b>Lease liabilities</b>		
Maturity analysis - contractual undiscounted cash flows		
Less than one year	2 678	
One to five years	10 714	
More than five years	3 125	
<b>Total undiscounted lease liabilities at 31 December</b>	<b>16 517</b>	
<b>Lease liabilities included in the statement of financial position at 31 December</b>	<b>13 118</b>	<b>3 159</b>
Current	1707	933
Non-current	11411	2 226

<sup>6</sup> Depreciation includes depreciation regarding parking for Q4 as this is when it was registered as a right of use asset. Depreciation included in the profit or loss is for the full year

<sup>7</sup> The information for 2020 is based on change of system for the year, the 2019 compared figures does not include this information. Please refer to note 3 estimate changes



## QUANTAFUEL ASA - Notes to the parent company financial statements for 2020

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

### Amounts recognised in profit or loss

	2020	2019
Interest on lease liabilities	879	306
Depreciation of right-of-use assets	1814	1 014
Gains (-) and losses (+) due to terminations, purchases, impairments, and other changes		
Variable lease payments not included in the measurement of lease liabilities		
Income from sub-leasing right-of-use assets		
Expenses relating to short-term leases		
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets		

### Amounts recognised in the statement of cash flow

	2020	2019
Total cash outflow for leases	2 319	-1 204

### Additional information / sensitivity analysis

	2020
Options to extend not yet committed to, discounted liability effect	-
Excluding options to extend committed to but not yet started, discounted liability effect	-
Options to terminate not yet committed to, discounted liability effect	-
Excluding options to terminate committed to but not yet occurred, discounted liability effect	-
Residual value guarantees not included in the measurement of lease liabilities	-
Leases not yet commenced to which the lessee is committed	-
Effect on lease liabilities if the discount rate increases by 1 %	-320
Effect on lease liabilities if the discount rate decreases by 1 %	334

### Other information

Estimated residual value guarantees included in the maturity analysis

Purchase options included in the maturity analysis

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the statement of financial position 8.48%

### Control of the discounted lease liability

Total undiscounted lease liabilities at 31 December	16 517
Lease liabilities included in the statement of financial position at 31 December	13 118
Difference	3 399
Control: remaining interest	3 399

Amendments to estimates have been made in connection with the implementation of new calculation systems for leasing. The estimate changes are recognised through profit and loss.

### Estimate change 2020 leasing

Right of use asset	77 168
Lease liability	80 644
Depreciation	7 015
Interest expense	70 286



**Note 14 Related party disclosures**

Under an agreement with its 76% owned subsidiary Quantafuel Skive Aps the Company has agreed to deliver a plant for the conversion of plastic waste into environmentally friendly fuels and chemicals at a fixed price of USD 12 million. The Company has granted the buyer a 0% interest seller's credit of USD 3.6 million repayable over 12 quarters following the first quarter after reaching full production of the plant. The repayment is estimated to commence in the fourth quarter of 2021.

**Note 15 Commitments and contingencies**

The Company has given a parent company guarantee in respect of the loans from Danmarks Grønne Investeringsfond to Quantafuel Skive ApS. In addition, the Company has guaranteed to cover operating deficits in Quantefuel Skive ApS, capped at DKK 21 million until and including 2023.





RSM Norge AS

To the General Meeting of Quantafuel ASA

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## Independent Auditor's Report

### Report on the Audit of the Financial Statements

#### Opinion

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

- The financial statements of the parent company Quantafuel ASA (the Company) showing a loss of NOK 546 344 000, which comprise the balance sheet as at 31 December 2020, the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Quantafuel ASA and its subsidiaries (the Group) showing a loss of NOK 502 313 000, which comprise the balance sheet as at 31 December 2020, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

#### Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

## THE POWER OF BEING UNDERSTOOD

AUDIT | TAX | CONSULTING

RSM Norge AS is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Norge AS er medlem av/ is a member of Den norske Revisorforening.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### *Responsibilities of the Board of Directors and the Managing Director for the Financial Statements*

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.



- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

#### *Opinion on the Board of Directors' report*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

#### *Opinion on Registration and Documentation*

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 27 April 2021  
RSM Norge AS

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

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## Lars Løyning

Statsautorisert revisor

På vegne av: RSM Norge AS

Serienummer: 9578-5999-4-1140989

IP: 78.156.xxx.xxx

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