

*Quantafuel ASA*

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# First Quarter 2021

Consolidated financial statements

Quantafuel ASA



## QUARTERLY REPORT Q1 2021

***We have operated a production line in Skive, Denmark, at full capacity with the right balance between gas and oil production and increased operational stability. With these major achievements we target proof-of-concept in Q2 2021 and full production end of Q3 2021, as announced earlier. We are also pleased to confirm that we have started feeding plastics into the new technology test plant in Kristiansund, Norway.***

Quantafuel's strategy is to build large-scale Plastics-to-Liquid (PtL) process plants at multiple locations throughout Europe, and in due time expand into other high-interest geographical regions. With NOK 577 million in cash by end of Q1 2021, and strong support from our three strategic partners, BASF, Vitol and Kirkbi, we are in a strong position to continue our journey shaping the chemical recycling market for plastic.

### **Skive update**

Our primary focus remains on our plant in Skive to achieve proof-of-concept and capacity to deliver at scale. Before Christmas we worked to improve the gas-liquid ratio produced in the reactors, and in the first quarter we have worked to improve operating stability downstream the reactors.

Already four years ago, the Quantafuel technology was producing gasoline from a batch-process pilot plant that was used by cars, as well as diesel that is still being used by tractors in Norway. A batch-process is a relatively simple process to manage, but inferior to a continuous process for a large-scale industrial roll-out, both from a financial and an environmental perspective. In Skive, Quantafuel has built the first, and to our knowledge, only fully automated and continuous process plant transforming mixed waste plastic into high quality products. We are convinced that this approach is essential in our strategy to become the market leader within chemical recycling of plastic.

To make modifications and changes to an advanced chemical process plant in operation is a time-consuming effort. Neither does it help that critically important (or essential) people are limited in travelling and that lead times on even standard components have dramatically increased during the pandemic. But we have managed to make improvements, month-by-month, and are pleased to see that operating stability has improved considerably. We have been able to reach full line production capacity of 625 kg per hour in a controlled and stable process.

We are now focusing on increasing operational uptime at high production capacity into weeks, and then months. We are not making major changes to the core of our technology, but rather implementing many small process improvements. As an example, we are increasing capacity on vacuum pumps, making pumps redundant, adjusting control algorithms and alarm limits in the control system, as well as other smaller process adjustments to increase operational stability over time. We have a fully qualified staff, with a long track-record from the Norwegian oil and gas and process industry, who are engineering and implementing these modifications in addition to our dedicated plant team who is rapidly building operational experience. We are also benefiting from the close collaboration and support from our partner BASF who have mobilised a dedicated BASF Skive support team to work in close relationship with our project and operation team.

We understand and appreciate the high interest from investors and our many dedicated shareholders and sympathise with the frustrations and requests for more frequent and detailed updates from Skive. More detailed updates could have increased short-term market confidence, but it is important to stress that our investments in the Skive plant over the last couple of years have created asset value, human capital, and Intellectual Property (IP) that we utilise for Esbjerg and other ongoing processes. We will

increase long-term shareholder value by guarding this IP, and thus cannot talk about several of the issues we have solved or are solving.

We have reached our targets set in the Q4 2020 report of running two lines in parallel and reaching full capacity on one line. We sent our first shipment to BASF in March, and we are determined to reach the targets set in this report. We will report deviations from our communicated plan.

The budgeted total costs for the Skive plant remains unchanged at NOK 581 million.

### **Commercial and strategic update**

Despite numerous requests for commercial partnerships over the last couple of years, we have chosen to focus on the plant in Skive until we have proof-of-concept and visibility into our capacity to deliver at scale. Now that we are getting increasingly closer to this point, we have started to firm up our roll-out plan for Europe by signing an agreement with Corepla and Saipem for the Italian market and with BASF and Remondis targeting the German market, as well as other potential markets.

This comes in addition to ongoing activities with Vitol who, despite our delays at Skive, has stayed committed to working on a multiple site roll-out plan that we will start implementing as soon as we are satisfied with the level of operations in Skive. We are therefore working on a feasibility study with VTTI, a subsidiary of Vitol and ADNOC, with the aim of bringing a project on their zero-emissions site in Amsterdam to Final Investment Decision (FID) as soon as possible. We are also advancing projects in other large European countries like the UK and France.

It is important to recognise that the products our partners produce from the oil we deliver will be sold to consumer goods companies. We firmly believe, together with our strategic partners, that when this industry matures, it will become an absolute requirement that we

have a certified value chain. It will be essential to document to the consumer goods companies that our products have been recycled from post-consumer waste. At the same time, it is of strategic importance to secure long-term sustainable feed streams for our plants which do not compete with mechanical recycling in a future setup which will maximise overall recycling rates.

During the first quarter, we concluded the purchase of 40% of Geminor, a Norwegian logistics- and recycling company with a presence in 11 countries and an annual turnover close to EUR 200 million, with an option to acquire the remaining outstanding shares. With this investment we take a firm grip on our value chain, we will have in-house expertise in the markets for our waste feedstock, achieve better terms and quality on raw material, as well as the ability to take long-term contracts directly with municipalities. Besides better-quality feedstock that in turn will improve product quality, we will considerably improve prices for feedstock. How much this will be is difficult to determine as it will change from contract to contract, but in certain cases we find it likely to improve financials with EUR 100 per ton or more.

Geminor's proprietary tracking solution and software, Gemisoft, enables us to document where the waste is collected, how it is transported and transformed into new plastics through the entire value chain. This has given us the necessary visibility and documentation to be granted certificates both from ISCC PLUS and REDcert2, making us a frontrunner in the recycling industry.

In combination with our acquisition of Replast, a company that is building sorting- and mechanical recycling capacity in Kristiansund, Norway, our investments over the last nine months in strengthening our value chain are now coming together in a powerful market strategy. This will become even more visible through our planned new recycling plant in Esbjerg. A vital part of the Esbjerg project will

be a feedstock pre-treatment plant integrated with our chemical recycling plant.

Europe has set a target of a 55% recycling rate by 2025. Denmark's target is even higher, with a requirement of 65% for packaging material – post-consumer waste. When household plastic waste is sorted, it contains 30-40% other materials. And while Quantafuel stays committed to recycling mixed waste with some impurities, we cannot, and have never aspired to, recycle items like mobile phones, hairspray and used diapers. Waste must be sorted before we, or anyone else, can recycle it, either mechanically or chemically.

Investing in our own sorting capacity and utilising the strength of Geminor's logistics and tracking capabilities, will enable us both in Esbjerg and later throughout Europe, to provide the integrated service to every municipality that in just a few years' time will be required by law to recycle their plastic waste: Fully integrated, independent sorting- and recycling plants with mechanical and chemical recycling capacity, and tracking and logistics capacity that can document every step of the value chain. These plants shall be able to deliver certified, recycled material to leading consumer goods companies, completing the circular economy of plastic waste in a transparent and documented manner. To reach these goals, we will partner with strong players along the value chain as documented by our recent Memorandum of Understandings.

At the heart of this strengthened market strategy is the core of the proprietary Quantafuel technology; our ability to upgrade and purify chemical recycled plastic into a product that can be used as directly as possible to produce new plastic, with as low CO<sub>2</sub> emissions as possible.

The highest possible recycling rate combined with the lowest environmental impact, is what we firmly believe can be transformed into extraordinary shareholder value.

## **Kristiansund plant**

Quantafuel's acquisition of Replast in Kristiansund, Norway, adds mechanical recycling to Quantafuel's existing chemical recycling strategy. Our co-located, dual track chemical and mechanical production lines will considerably increase the recycling rate. The Kristiansund plant is currently recycling and producing plastic fractions from industrial and private plastic waste from the north-west coast of Norway. These fractions are sold to external customers and will also be used in our chemical recycling pilot.

At our plant in Kristiansund, we are also testing new reactor design for future plastic-to-liquid plants. The chemical recycling pilot and reactor design testing is conducted in partnership with BASF.

The pilot has performed initial testing during the first quarter, and further testing is planned for the second quarter. The COVID-situation has resulted in delays for technical personnel traveling to Kristiansund, but this has now been solved. We have recently upgraded the control system of the pilot, and we expect to increase production through chemical recycling of locally recycled plastics fractions over the next weeks.

In Kristiansund, Quantafuel is gradually building a total capacity for handling at least 20,000 ton plastic waste per year, including a 10,000 ton per year chemical recycling plant. The combined plant will have a unique setup with feedstock pre-treatment as well as chemical and mechanical recycling, and we are conducting engineering studies for the chemical plant together with Rambøll. The plant receives plastics that are normally incinerated or handled by landfills, with Quantafuel turning it into valuable resources. 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 our new chemical recycling plant in Norway.

Quantafuel's Kristiansund approach will serve as blueprint for a commercially attractive

solution for smaller and regional markets, and a model for a potential Nordic roll-out.

### **Esbjerg project**

Quantafuel has been working on establishing a large-scale plant in Denmark for the past two years, and after assessing more than 40 potential sites we selected a plot outside Esbjerg. Building and environmental permit applications were submitted six months ago, and we expect to receive final approval soon.

We have conducted detailed FEED-studies together with Rambøll to prepare a robust project and execution plan. Based on current estimates, which are still being reviewed, CAPEX is expected to be above previous guiding, but with a significantly lower technical and execution risk than we have seen for Skive. OPEX for the plant is expected to be lower than previous guiding.

The strategic rationale for establishing the first large-scale plant in Denmark remains strong as Denmark is the only country that has officially approved chemical recycling as material recycling, and the government just recently decided on a 65% recycling target in a market that has close to zero recycling capacity. To further expand in this market, Quantafuel is also evaluating a separate feedstock pre-treatment line in Denmark in co-operation with Geminor to become an even more important player in plastic waste tender market.

Subject to board approval, Quantafuel will exercise the option to buy the reserved plot, continue detailed engineering and negotiate contracts with key suppliers. All of this with a strong focus of minimising cost while maintaining execution momentum. Quantafuel is evaluating future partnerships, whenever adding value, for our Esbjerg project, which could provide both significant financing capacity and industry-specific experience to the project.

Quantafuel is delivering on its strategy of growing into the European market. Our studies with Rambøll have also focused on extensive generic engineering and design for modular

plastic to liquid plants to prepare for an efficient international roll-out.

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

In Quantafuel, we strongly believe that exploring ideas through innovative projects, trials and testing will drive solutions for a more sustainable waste and energy market. We are therefore expanding our R&D capacity through building up our activity in Sweden, in close partnership Hulteberg Chemistry & Engineering. 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.

Our R&D teams are driving strategic initiatives to improve Quantafuel's chemical recycling technology portfolio, including the management of laboratory pilots and analytical facilities. Further, and in close cooperation with leading Norwegian and Swedish technical universities and technology labs, we are exploring related technologies which could lead to building additional business and value creation in Quantafuel. Among these projects is a hydrogen technology development conducted in partnership with NTNU and SINTEF, and closely linked to Quantafuel's proprietary technology within Plastic-to-Liquid.

### **Outlook**

The modification work on the Skive 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 towards the target of reaching FID.

Further, in Kristiansund we are increasing capacity on the pre-treatment and engineering 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 may lead to new partnerships and FEED studies for integrated plants during the next months.

EU's Green Deal requiring 50% recycling within 2025 is an important accelerator for plastic recycling, and Quantafuel is in pole position to take a lead in this market. For Quantafuel this means more opportunities for business and continued technology development, for which we are building our organisation.

## Financial review

### Income statement

Quantafuel Financial Highlights	Q1 2021	Q1 2020	Audited
	Group	Group	Full year 2020
Unaudited figures in NOK if not stated otherwise			Group
Operating revenue	1 771	-	8 387
Total income	3 439	-	8 387
EBITDA	-30 486	-20 607	-136 605
Profit (loss)	113 097	-26 197	-502 313
Total assets	1 572 196	620 910	1 497 046
Cash & Cash equivalents	577 597	85 204	692 223

Operating revenue of NOK 1.8 million consists of NOK 1.1 million relating to the Grønt Punkt Norge project, NOK 0.4 million from the operation in Quantafuel Kristiansund AS (former Replast AS), and product sale from Skive plant to BASF of NOK 0.3 million.

Included in total income is the Group's share of net income in Geminor Invest AS, NOK 1.7 million, which is included in the Group accounts as an equity-accounted investee.

EBITDA in Q1 2021 was NOK -30.5 million. Salary costs in Q1 2021 was NOK 9.3 million compared to NOK 7.0 million in Q1 2020. The increase in salary costs is related to an increase in number of employees as well as change in costs related to employee options and social security tax for employee options. Other operating expenses in Q1 2021 was NOK 19.7 million compared to NOK 9.5 million in Q1 2020. Quantafuel Kristiansund is included for the full quarter.

Net financial items reflect the general currency fluctuations in addition to the interest expenses relating to loans as well as other borrowings and leasing of offices/building and BASF convertible loan. Financial items relating to the BASF convertible loan for Q1 2021 was a financial income of NOK 152.4 million due to a decrease in Quantafuel's share price. This is including an interest cost of NOK 3.4 million for the quarter. Please refer to note 3 for further information. <sup>1</sup>

Profit for the Q1 2021 was NOK 113.1 million. <sup>2</sup>

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

<sup>2</sup> The Profit (loss) consists of EBITDA, depreciation, net financial items, and taxes.

## Balance Sheet

<b>Quantafuel Balance sheet</b>	<b>31 March 2021</b>	<b>31 Dec 2020</b>
Unaudited figures in NOK if not stated otherwise	<b>Group</b>	<b>Group</b>
Total non-current assets	985 212	788 129
Total current assets	586 984	708 917
Total assets	1 572 196	1 497 046
Total equity	939 860	653 987
Total non-current liabilities	544 627	705 712
Total current liabilities	87 710	137 347
Total equity and liabilities	1572 196	1 497 046

As per 31 March 2021 the Group's equity was NOK 939.9 million. Cash and cash equivalents were NOK 577.6 million, of which NOK 1.5 million was restricted cash (employee tax advance account).

Total non-current assets at the end of the quarter were NOK 985.2 million due to an increase of Assets under construction related to the Skive plant of NOK 15.2 million, costs for FEED and concept of NOK 13.6 million, and the acquisition of 40% of Geminor Invest AS and Group's share of Q1 net profit.

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

		<b>Q1 2021</b>	<b>Q1 2020</b>	<b>Full year</b>
		<b>Group</b>	<b>Group</b>	<b>2020</b>
		Unaudited	Unaudited	Audited
Operating revenue		1 771	-	8 387
Share of net income in equity-accounted investees		1 668	-	-
Cost of materials		4 935	1 392	14 805
Salaries and personnel costs	4	9 318	7 445	84 052
Depreciation and amortisation	2	3 314	1 115	8 891
Other operating expenses		19 672	9 540	28 354
<b>Operating profit (loss)</b>		<b>-33 800</b>	<b>-19 492</b>	<b>-127 714</b>
Finance income		1 156	-64	624
Finance expense		-2 902	-5 976	-8 718
Finance items convertible loan		152 358	12 267	-334 803
<b>Net financial items</b>	3	<b>150 612</b>	<b>6 227</b>	<b>-342 897</b>
<b>Profit (loss) before tax</b>		<b>116 812</b>	<b>-13 265</b>	<b>-470 611</b>
Income tax expense		-3 715	-12 932	-31 702
<b>Profit (loss) for the period</b>		<b>113 097</b>	<b>-26 197</b>	<b>-502 313</b>
<b>Attributable to:</b>				
Equity holders of the parent		116 460	-20 280	-496 699
Non-controlling interest		-3 363	-5 917	-5 614
Earnings per share, ordinary		0,8	0	-4,1
Earnings per share, diluted		0,4	0	-4,0

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

	<b>Q1 2021</b>	<b>Q1 2020</b>	<b>Full year 2020</b>
	<b>Group</b>	<b>Group</b>	<b>Group</b>
	Unaudited	Unaudited	Audited
<b>Profit (loss) for the period</b>	113 097	-26 198	-502 313
Items that may be reclassified to profit (loss)			
Translation differences, net	556	3 484	1 342
<b>Total comprehensive profit (loss)</b>	113 653	-22 714	-500 972
<b>Attributable to:</b>			
Equity holders of the parent	117 016	-16 797	-495 357
Non-controlling interest	-3 363	-5 917	-5 614

**QUANTAFUEL ASA**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 MARCH 2021**

(Amounts in NOK thousands)

	Note	31.03.2021 Group	31.03.2020 Group	31.12.2020 Group
		Unaudited	Unaudited	Audited
<b>ASSETS</b>				
Deferred tax asset		12 734	3 756	13 160
Goodwill		54 085	-	54 085
Other intangible assets		30 560	20 166	30 583
Property plant and equipment	2	639 008	430 426	610 919
Right-of-use asset		67 666	64 710	71 527
Equity-accounted investment	6	173 519	-	-
Other non-current assets		7 640	3 774	7 855
<b>Total non-current assets</b>		<b>985 212</b>	<b>522 832</b>	<b>788 129</b>
Inventory		3 442	-	3 217
Accounts receivable		1 797	-	3 359
Other receivables		4 148	12 874	10 118
Cash and cash equivalents		577 597	85 204	692 223
<b>Total current assets</b>		<b>586 984</b>	<b>98 078</b>	<b>708 917</b>
<b>Total assets</b>		<b>1 572 196</b>	<b>620 910</b>	<b>1 497 046</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital		1 387	112	1 358
Other paid-in capital		1 545 686	499 022	1 373 496
Retained earnings		-692 306	-319 247	-802 593
<b>Equity attributable to the owners of the parent</b>		<b>854 767</b>	<b>179 887</b>	<b>572 261</b>
Non-controlling interests		85 092	76 637	81 726
<b>Total equity</b>		<b>939 860</b>	<b>256 524</b>	<b>653 987</b>
Deferred tax liabilities		109 730	77 609	106 015
Non-current interest bearing liabilities	3	359 505	118 225	519 652
Long-term leasing liability	3	66 348	58 591	71 000
Other non-current liabilities		9 044	-	9 044
<b>Total non-current liabilities</b>		<b>544 627</b>	<b>254 425</b>	<b>705 712</b>
Current interest bearing liabilities	3	5 914	1 221	6 191
Short-term leasing liability	3	6 945	6 900	5 723
Accounts payable		18 228	70 067	53 938
Other current liabilities		56 622	31 774	71 494
<b>Total current liabilities</b>		<b>87 710</b>	<b>109 962</b>	<b>137 347</b>
<b>Total equity and liabilities</b>		<b>1 572 196</b>	<b>620 910</b>	<b>1 497 046</b>

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

	<b>Q1 2021 Group</b>	<b>Q1 2020 Group</b>	<b>Full Year 2020 Group</b>
	Unaudited	Unaudited	Audited
<b>Profit (loss) for the period, before tax</b>	<b>116 812</b>	<b>-26 198</b>	<b>-470 611</b>
Depreciation and amortisation	3 314	1 115	8 891
Income taxes paid	-	-	-
Share-based payment expense	2 397	688	5 059
Net financial items	-150 612	-6 226	342 857
Increase/(decrease) in inventory	-225	-	-3 217
Increase/(decrease) in net accounts receivable and payable	-34 148	10 586	-8 902
Increase/(decrease) in net other receivables and other payables	-8 902	28 846	43 167
<b>Cash flows from operating activities</b>	<b>-71 363</b>	<b>8 811</b>	<b>-82 716</b>
Purchase of property, plant and equipment	-32 644	-71 784	-201 138
Purchase of intangible asset	-	-126	-5 303
Purchase of shares	-5 519	-	-10 000
Increase/(decrease) in other non-current assets	-	-1 081	-4 623
Interest income received	-	-	621
<b>Cash flows from investment activities</b>	<b>-38 163</b>	<b>-72 991</b>	<b>-220 443</b>
Proceeds from issue of shares	1 822	460	826 438
Proceeds from borrowings	-2 802	-	28 200
Payment of lease liabilities	-2 790	-1 692	-7 671
Interest expenses paid	-1 329	-50	-2 250
<b>Cash flows from financing activities</b>	<b>-5 099</b>	<b>-1 282</b>	<b>844 717</b>
<b>Net change in cash and cash equivalents</b>	<b>-114 625</b>	<b>-65 462</b>	<b>541 558</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>692 223</b>	<b>150 666</b>	<b>150 666</b>
<b>Cash at cash equivalents at end of period Group</b>	<b>577 597</b>	<b>85 204</b>	<b>692 223</b>

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

	Share capital	Share premium	Retained earnings	Total	Non-controlling interests	Total equity
<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	-496 699	-5 614	313
Change in NCI share of plant excess value	-	-	-20 560	-20 560	20 560	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-517 259</b>	<b>-517 259</b>	<b>14 946</b>	<b>313</b>
Translation differences, net	-	-	1 342	1 342	-	1 342
<b>Total OCI</b>	<b>-</b>	<b>-</b>	<b>-515 917</b>	<b>-515 917</b>	<b>14 946</b>	<b>971</b>
Increase in share capital	1 246	870 563	-	871 809	-	871 809
Share-based payments	-	5 059	-	5 059	-	5 059
<b>Equity at 31 December 2020</b>	<b>1 358</b>	<b>1 373 496</b>	<b>-802 593</b>	<b>572 261</b>	<b>81 726</b>	<b>653 987</b>
Profit (loss)	-	-	116 460	116 460	-3 363	113 097
Change in NCI share of plant excess value	-	-	-6 730	-6 730	6 730	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>109 730</b>	<b>109 730</b>	<b>3 367</b>	<b>113 097</b>
Translation differences, net	-	-	556	556	-	556
<b>Total OCI</b>	<b>-</b>	<b>-</b>	<b>110 286</b>	<b>110 286</b>	<b>3 367</b>	<b>113 653</b>
Other changes Equity	-	-	-	-	-	-
Increase in share capital	28	169 793	-	169 821	-	167 203
Share-based payments	-	2 397	-	2 397	-	2 397
<b>Equity at 31 March 2021</b>	<b>1 387</b>	<b>1 545 686</b>	<b>-692 306</b>	<b>854 767</b>	<b>85 092</b>	<b>939 860</b>

## Notes to the interim condensed consolidated financial statements

### Note 1 Corporate information and basis for preparation

#### Corporate information

The interim condensed consolidated financial statements ('the Statements') of Quantafuel ASA and its subsidiaries ('the Group') for the period ended 31 March 2021 were authorised for issue by the Board of directors on 13 May 2021.

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

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

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

#### Basis of preparation

The Statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The Statements do not include all the information and disclosures required in the annual financial statements and should be read together with the Group's annual consolidated financial statements as of 31 December 2020.

The accounting policies used in preparation of the Statements are consistent with those used for preparation of the Group's annual financial statements for 2020.

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

## Note 2 Property, Plant and Equipment

	Property and plant	Machinery and equipment	Assets under construction	Total
<b>Period ended 31 December 2019</b>				
Cost		815	95 736	96 551
Additions		4 489	259 466	263 955
Accumulated depreciation		1 759		1 759
<b>Net book value at 31 December 2019</b>		<b>3 545</b>	<b>355 202</b>	<b>358 748</b>
<b>Period ended 31 December 2020</b>				
Additions		61 375	196 102	257 476
Depreciation		5 305		5 305
Exchange differences				-
<b>Net book value 31 December 2020</b>	-	<b>59 615</b>	<b>551 304</b>	<b>610 919</b>
<b>Period ended 31 March 2021</b>				
		<b>59 615</b>	<b>551 304</b>	<b>610 919</b>
Additions		615	32 029	32 644
Depreciation		1 257	-	1 257
Exchange differences		-	-3 298	-3 298
<b>Net book value 31 March 2021</b>	-	<b>59 290</b>	<b>580 034</b>	<b>639 008</b>
Useful life	15-20 years	3-10 years	No depreciation	
Depreciation	Straight line	Straight line		

## Note 3 Financial assets and financial liabilities

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

Financial assets other than cash:	<u>Q1 2021</u>	<u>31.12 2020</u>
<b>Debt instruments at amortised cost:</b>		
Trade and other receivables	5 945	3 359
Non-current deposits	7 640	7 855
<b>Sum financial assets</b>	<b>13 585</b>	<b>11 214</b>
<b>Total current</b>	<b>5 945</b>	<b>3 359</b>
<b>Total non-current</b>	<b>7 640</b>	<b>7 855</b>

Financial liabilities: Interest-bearing liabilities:

	Interest rate	Maturity	<b>Q1 2021</b>	<b>31.12.2020</b>
<b>Current interest-bearing liabilities</b>				
Loan from DGI	CIBOR+8.14%	2021-2028	5 914	6 191
Lease liabilities	8.5 %	2019-2034	6 945	5 723
<b>Total current</b>			<b>12 859</b>	<b>11 914</b>
<b>Non-current interest-bearing loans:</b>				
Sparebank 1 SMN	6 %	2024	37 223	39 286
Innovasjon Norge	3.95%	2024	2 400	2 400
Loan from DGI	CIBOR+8.14%	2021-2028	36 044	38 189
BASF liability	18.86%	2022	78 825	79 019
BASF conversion right liability	n.a.		205 012	360 758
Lease liabilities	8.48% / 6%		66 348	71 000
<b>Total non-current</b>			<b>425 852</b>	<b>590 652</b>
<b>Total interest-bearing liabilities</b>			<b>438 711</b>	<b>602 567</b>
Other financial liabilities at amortised cost:				
			<b>Q1 2021</b>	<b>31.12.2020</b>
Trade and other payables			74 852	53 938
<b>Total current</b>			<b>74 852</b>	<b>53 938</b>
<b>Total non-current</b>			-	-

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

Due to share price decrease of NOK 15.80 from 31.12.2020 (NOK 60.80) and 31.03.2021 (NOK 45.00) the conversion right liability has decreased from NOK 360.70 million to 205.0 million during Q1 2021.

#### Note 4 Share-based payments

Share options of the parent company have been granted to Directors of the Board, executive management and other employees. As of 31.3.2021, the Company had 5,655,002 options outstanding. Each option gives the right to subscribe for one share. The options outstanding at the reporting date has an exercise price between NOK 4.6 – 77.0 per share, and with an exercise period that ends between 19 October 2021 and 1 March 2025.

The calculated value is recognised as a liability in the statement of financial position. The liability recognised at the reporting date is NOK 16.7 million and NOK 20.8 million for social security taxes. The change in the liability in the period is recognised as salaries and personnel costs in the income statement. Quantafuel may at any time resolve to terminate all issued options against a cash consideration equal to the market value of the option shares as the time of the termination, less the exercise price for such options.

## **Note 5 Share capital increase**

On 14 January 2021, new shares were registered in the Norwegian Register of Business Enterprise, following the purchase of 40% of Geminor Invest AS. Quantafuel issued 2,720,044 shares at NOK 0.01 per share. For 916,363 of the shares, the subscription price was set at NOK 55 per share, and for 1,803,681 of the shares, the subscription price was set at 65.2 per share, giving a share premium of NOK 167,972,799.6.

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. This capital increase was related to stock options being exercised. The shares were exercised at a subscription prices between NOK 4.60 and NOK 19.00 per share.

The total share capital of Quantafuel as at 31 March 2021 was NOK 1,387,295.93 divided by 138,729,593 shares, each with a par value of NOK 0.01

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

On 12 January 2021 Quantafuel ASA acquired 40% of Geminor Invest AS, the 100% owner of Geminor AS ("Geminor"). As part of the transaction, Quantafuel obtained an option to acquire the remaining shares in Geminor Invest AS.

For the first quarter 2021 Geminor Invest AS is recognised in the accounts as an equity accounted investee according to IAS 28.3, contributing with a net result of NOK 1.7 million.

On 18 February 2021 Quantafuel Cheshire Ltd. was registered in the Companies House in England and Wales. On 27 February 2021 Quantafuel Sunderland Ltd. was registered in the Companies House in England and Wales. Quantafuel ASA holds 50% of the shares in both companies.

## **Note 7 Subsequent events**

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.

Quantafuel ASA owns 76% of Quantafuel Skive ApS. Quantafuel is currently in a process to evaluate a possible acquisition of the remaining shares of Quantafuel Skive ApS in an all-share transaction, representing approx. 2% of the outstanding shares in Quantafuel ASA after adjusting for internal loans.

## Forward looking statement

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

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

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

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



**Quantafuel ASA**

*(Euronext Growth: **QFUEL**)*

*Org.no: 915 119 484*

*Address:  
Lilleakerveien 2c  
0283 Oslo  
Norway*

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