

Quantafuel ASA

www.quantafuel.com

Third Quarter 2021

Consolidated financial statements

Quantafuel ASA



Third quarter report 2021

- **Skive turnaround on track**
- **Projects proceeding according to timeline**
- **Global interest in Quantafuel plants**
- **New CEO started 1st November**

Quantafuel's mission is to drive a sustainable future by converting plastic waste into valuable products. We are well positioned to become a major, integrated Nordic player in mechanical and chemical recycling, with upstream market presence through Geminor. In other international markets, Quantafuel's strategy is to build large-scale plants for chemical recycling in close cooperation with selected partners. With the strong support from our strategic partners, we are in pole position to continue our journey creating high value products from low value plastic waste.

In Skive, we are implementing process improvements and preparing the upcoming turnaround. Modifications are on schedule and on budget. While awaiting these modifications, important tests leading the way towards stable production have been completed and consequently, production volumes Q3 2021 were marginal. Forecasted Proof-of-Concept around year end is maintained.

Skive has proven its capability to deliver commercial products. With stable, continuous production subsequent Proof-of-Concept, completed tests and commercial deliveries confirm that the output from Skive has the quality and mix to meet expected volume and prices. Parallel development work in cooperation with BASF is focusing on improvements to enhance light fraction yield and quality.

The upgrade of the mechanical capacity and capability at our Kristiansund plant is progressing as planned, with forecasted start of operation in Q4 2021. The sorting line in Aalborg, in cooperation with Geminor, is progressing according to plan and budget. For the Esbjerg development, the main focus areas are finalisation of contracts and continued partnership discussions.

Lars Rosenløv joined Quantafuel ASA as our new CEO on 1st November, bringing along 30 years of industrial experience from Equinor ASA where he has held executive positions in delivering and operating complex international refineries and petrochemical plants. Lars has a strong dedication for the purpose of Quantafuel, creating a circular economy for plastics, and he is eager to scale up the current Quantafuel activities based on and in close cooperation with the existing management team.

Quantafuel is experiencing a strong interest for its products, also from traditional refineries, replacing fossil feeds. The company is well positioned to capitalise on these opportunities based on its process and technology toolbox. Also on the mechanical sorting- and recycling side, we are seeing strongly increasing payments for receiving plastic waste, as well as sales prices significantly above our budgets.

Achieving stable, high production in Skive is our key focus, and we are progressing along our path to roll out our solution internationally creating sustainable solutions to plastic waste.

Health, Safety & Environment – Zero recordable incidents

Quantafuel's vision is zero harm to people, assets, and the environment throughout our business landscape.

We are pleased to report that Quantafuel continues its zero recordable HSE incidents statistics during third quarter.

Corporate Social Responsibility – Contributing towards a sustainable future

The COP 26 UN Climate Change Conference is currently being held in Glasgow with calls for more action for curbing greenhouse emissions. Norway's Prime Minister Jonas Gahr Støre came to Glasgow with firm commitments; one of them to "work with business, industry and the social partners to help us all succeed the transition towards a

renewable, circular and sustainable future” with an ambition and aim to develop and export new technology that can be of use beyond Norway’s borders. We welcome these commitments and are proud to take part in this crucial transition.

EU’s bold target of 50% plastic packaging recycling within 2025 has triggered a search for alternatives to incineration, which today is the destination for 70-80% of post-consumer plastic waste across Europe. Plastic waste owners are looking for reliable and traceable recycling options. With a fully certified value chain, and a technology enabling more plastic waste to stay in a circular process, Quantafuel is well positioned as a key recycling partner.

Quantafuel offers a clear path for our partners’ journey into a circular economy for plastics:

Recycling: By sending plastic waste to Quantafuel, you contribute to a circular economy for plastics. Plastic waste will be converted into recycled products in compliance with the EU definition of material recycling.

Transparency: By working with Quantafuel, you improve transparency in the waste sector. Environmental certification will guarantee that the origin of waste is known and that it is clear how much has been upgraded to recycled product.

Environment: We offer proof of environmental benefits. Life Cycle Assessments will be conducted for all Quantafuel plants, guaranteeing openness about the environmental footprint of our product and process.

Quantafuel is fully committed to following the Euronext ESG guidelines and based on input from Sustainability Hub Norway, we have conducted a materiality assessment during Q2 and Q3 2021. The materiality assessments will be completed in Q4 2021, and key findings will be communicated.

Skive - Operational and technology update

In Skive, implementation and testing of process improvements continues in parallel with preparations of key modifications that are necessary for stable and continuous production at design capacity. The modifications are on schedule and budget. The few deliveries on critical path are being followed up closely. Important tests, leading the way towards stable production, have been completed during Q3 2021, and consequently production volumes during the quarter were marginal. The focus continues to be on safety, installation, commissioning, and verification, as well as on thorough cleaning of the two operational lines to create a known baseline for further testing.

Operations in Skive have so far been concentrated on two lines; line 2 and line 3. Up to now line 1 and 4 have been awaiting modifications to become operational, and these lines are currently being verified to make them ready for use after the Q4 2021 turnaround.

In parallel with creating a more robust process, the Skive organisation is enhanced to ensure capability towards full production.

We have a continuous focus on feedstock, which will improve our production quality and cost balance over time. A large span of plastic qualities has been tested in Skive, including feedstocks from Grønt Punkt Norge (Green Dot Norway) and RenoNord in Denmark, and with few exceptions, the product quality is in line with the BASF offtake agreement. We expect significant feedstock quality improvement when the Aalborg sorting line is starting to deliver.

Improvements to the plastics feeding system into the reactors have been thoroughly tested, and the systems now work as intended. In the reactors, both the temperature distribution and product flow have been optimized. The reactors’ mass balance is close to target at design load, full capacity has been achieved, and mechanical challenges regarding the reactors have been solved.

In Q3 2021, the common components of the flue gas systems, within each of the two process modules, were separated. This is a modification required by safety authorities to allow for individual and concurrent production on all four lines, in any combination, as well as simultaneous production and inerting within each process module. Subsequent the updating of ancillary systems in the Q4 2021 turnaround, all four lines will have sufficient sub-system capacity to run through all operational scenarios.

Condensation and transfer modules for oil have been optimized and operating stability has been improved significantly over the past months. Final modifications will be carried out during the turnaround in Q4 2021. The distillation column was modified during the turnaround in September, resulting in an increased light fraction yield, improved separation efficiency, and operational stability.

With the announced installation of new equipment solving the last known issue preventing stable, long-term production at high load, the Skive plant is expected to be ready for Proof-of-Concept as a key step towards full production capability.

The Skive plant was designed to maximise middle fraction (i.e. diesel), for fuel application intended for our partner Vitol. Under our Joint Development Agreement (JDA) with BASF, our focus was expanded to produce a higher yield of lighter products and further reduce impurities. However, recent test results show that the catalytic purification steps in today's set-up in Skive will not yield the future BASF target product specifications without plant modifications.

It is important to stress that tests and commercial deliverables confirm that the produced quality and mix of light, medium and heavy fraction liquid products from Skive satisfy the current needs and expectations from our client. Thus, Skive's business case remains unchanged and the likelihood of reaching Proof-of-Concept as communicated is not impacted by the test results mentioned above.

The forecasted CAPEX of NOK 610 million remains unchanged from last quarterly report.

Developments are continuing under our JDA to fully reach BASF's naphtha specifications. Any associated investments will be evaluated on technical feasibility and commercial attractiveness.

Kristiansund update – Mechanical recycling investment on track

At Kristiansund, we are investing in a new mechanical line, doubling the capacity from 10,000 tonnes to 20,000 tonnes per year. All the parts have been received, and the installation work was 50% complete at the end of Q3. During November, the line will be commissioned and handed over to operation. In December, the set-up will be enhanced with additional extruder capacity, fully operational from early Q1 2022. All investments are running on budget and schedule.

To fully utilize sorting capacity, and balancing capacity and demand; until the permanent chemical plant is continuously processing the assumed 10,000 tonnes per year, a further expansion of the mechanical recycling to 20,000 tonnes per year is initiated. This investment is scheduled to start production late Q2 2022.

Testing of the new pyrolysis technology is continuing in Kristiansund. Throughput and stability have increased in the last period, and the products have shown promising analysis results. Bottlenecks and improvements have been identified, and further improvements of the system to achieve expected results are continuously being implemented. The test program remains a high focus area throughout Q4 2021, providing the necessary data for BASF and Quantafuel to evaluate and conclude on use of this reactor technology in a permanent installation.

Sorting plant in Esbjerg

The Esbjerg project is moving into its final stages before construction phase. The civil and construction work, as well as all major equipment packages, are currently on tender,

and we are confident in securing capacity to start construction work the first half of 2022, subject to financing.

Promising discussions with possible partners for the Esbjerg facility are ongoing.

Future Skive feedstock through Aalborg

Quantafuel has during the third quarter continued to develop the sorting line in Aalborg, which will be an integral part of the chemical and mechanical recycling value chain. The line will increase feedstock quality control, enabling a wider range of input material. It will also ensure the right quality for Nordic household plastics for use in Skive, and at the same time sort out valuable fractions for mechanical recycling.

The sorting line is being realised in close co-operation with Geminor. The permit process is ongoing with Danish authorities, and the dialogue with Aalborg Port Authorities is progressing towards closure in Q4. Testing of the pre-treatment line equipment is progressing within expectations.

New prospects

The third quarter has been a period with strategic moves designed to meet our growth strategy. In Amsterdam, we are working closely with Vitol and VTTI towards obtaining the necessary permits that will allow us to build a plant on a selected site. The feasibility study is well underway.

The UK has for a while been identified as a promising market for Quantafuel since the country faces increasing challenges to recycle domestic mixed plastics waste. We have selected a 12-acre (approximately 50,000 m²) site on the Sunderland port for our first large-scale plant in the UK. A planning application has been submitted, and subject to approval, this plant will annually process 100,000 tonnes of plastics waste.

In addition to Quantafuel's previously announced potential product off-takers, there is an increasing interest for pyrolysis oil from traditional oil refineries to replace fossil feedstock with recycled material. We are well

positioned to capitalise on these opportunities based on our process and technology toolbox.

R&D and technology ownership

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

Triggered by dialogues with potential industrial and offtake partners for new prospects, Quantafuel is expanding the toolbox for future development to include a product range from purified and non-purified pyrolysis oil, and up to light fraction suitable for sensitive downstream use.

In October, Quantafuel announced a new partnership with Norwegian University of Science and Technology's (NTNU) Department of Chemical Engineering and the establishment of a new Innovation Hub named "Chemical Conversion of Waste". The Department of Chemical Engineering and Quantafuel will collaborate on various research and innovation projects with a goal to further develop the chemical recycling of wastes to liquid fuels and chemicals, as well new technology solutions to reduce CO₂ emissions.

Organisation

Quantafuel was delighted to announce Lars Rosenløv as the new CEO from 1st November 2021. Lars has extensive downstream experience from a major energy company and will enhance and complement the existing management team.

We are also pleased to report that Quantafuel continues to grow in Denmark, Norway, Sweden and UK. The total number of employees at the end of Q3 2021 is 93.

Finance

Quantafuel targets to exit 2022 with a positive cash flow run rate from ongoing operations,

primarily driven by Skive and Kristiansund plants.

For Skive the 2022 target is processing of 12,000 tonnes of plastics, ending the year at a 20,000 tonnes per year run rate. At full production Skive will on a yearly basis deliver approximately NOK 80 million EBITDA based on current feedstock and offtake assumptions.

The mechanical line in Kristiansund will at 20,000 tonnes per year capacity deliver a yearly EBITDA of approximately NOK 25 million.

Per 30 September 2021, Quantafuel ASA had a cash position of NOK 379 million.

Growth strategy and outlook

Quantafuel's full focus on reaching full production capability continues.

With expected Proof-of-Concept achieved around year-end, Quantafuel is ready to roll out the announced projects. In addition, we have many exciting prospects in the pipeline and see a strong global interest in our solutions. Quantafuel continues discussing the roll-out of large-scale capacity plants with both existing and potential partners.

Quantafuel is more than Skive and chemical recycling. Our positioning upstream and our industrial partners are putting us in pole position to build a circular economy for plastics in Europe.

Never has there been a greater need for companies that help tackle the biggest threats to the environment. We need to act now, and that is exactly what Quantafuel is doing. We are 100% dedicated to contributing towards solving the global plastics waste problem.

To quote our partner BASF: "What's better than recycled plastic? Recycling more plastic! With Chemical Recycling."

Financial review

Income statement

Quantafuel Financial Highlights	Q3 2021	Q3 2020	First nine months 2021	First nine months 2020	Full year 2020
Unaudited figures in NOK '000' if not stated otherwise	Group	Group	Group	Group	Group
Operating revenue	1 392	6 066	3 642	6 071	8 387
Total Income	1 089	6 066	7 923	6 071	8 387
EBITDA	-41 706	-28 821	-100 921	-82 118	-136 605
Profit (loss)	-22 155	-347 260	81 714	-474 288	-502 313
Total assets	1 497 163	1 382 461	1 497 163	1 382 461	1 497 046
Cash & Cash equivalents	379 133	770 457	379 133	770 457	692 223

Operating revenue of NOK 1.4 million in Q3 2021 includes revenue from our plants in Skive (NOK 0.3 million) and Kristiansund (NOK 0.4 million), and NOK 0.7 million relating to external paid studies.

For the first nine months 2021 operating revenue of NOK 3.6 million consists of NOK 1.9 million from our plants in Skive and Kristiansund, and NOK 1.1 million relating to the Grønt Punkt Norge project, in addition to the projects and studies mentioned above.

Included in total income is the Group's share of net result in Geminor Invest AS, NOK -0.3 million for Q3 2021 and NOK 4.3 million for the first nine months 2021, which is included in the Group accounts as an equity-accounted investee.

EBITDA in Q3 2021 was NOK -41.7 million and for the first nine months 2021 NOK -100.1 million, compared to NOK -28.8 million and NOK -82.1 million same periods for 2020. Salary costs in Q3 2021 was NOK 18.2 million compared to NOK 23.9 million in Q3 2020. The decrease in salary costs is due to a change in costs related to social security tax for employee options. For Q3 2021 the number of employees is higher than in Q3 2020. Other operating expenses in Q3 2021 was NOK 11.5 million compared to NOK 5.0 million in Q3 2020. This is mainly due to increased operation and Quantafuel Kristiansund being incorporated in 2021. For the first nine months 2021 the operating expenses was NOK 42.3 million compared to NOK 22.3 million for the same period last year.

Net financial items reflect the general currency fluctuations in addition to the interest expenses relating to loans as well as other borrowings, leasing of offices/building and BASF convertible loan. Financial items relating to the BASF convertible loan for Q3 2021 was a financial income of NOK 26.8 million due to a decrease in Quantafuel's share price. This is including an interest cost of NOK 0.4 million for the quarter. Please refer to note 3 for further information.¹

For the first nine months 2021 the financial items relating to the BASF convertible loan was a financial income of NOK 205.3 million, compared to a loss of NOK 356.8 million same period last year.

Loss for the period Q3 2021 was NOK 22.2 million.²

Profit for the first nine months 2021 was NOK 81.7 million.

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

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

Statement of Financial position

	At 30 September 2021	At 30 September 2020	31 Dec 2020
Unaudited figures in NOK '000 if not stated otherwise	Group	Group	Group
Total non-current assets	1 089 850	599 518	788 129
Total current assets	407 314	782 943	708 917
Total assets	1 497 163	1 382 461	1 497 046
Total equity	1 148 480	632 524	653 987
Total non-current liabilities	240 942	655 609	705 712
Total current liabilities	107 742	94 329	137 347
Total equity and liabilities	1 497 163	1 382 461	1 497 046

As per 30 September 2021 the Group's equity was NOK 1,148 million. Cash and cash equivalents were NOK 379 million, of which NOK 2 million was restricted cash (employee tax advance account).

Total non-current assets at the end of the quarter were NOK 1,089.9 million due to an increase of Assets under construction related to the Skive plant, Kristiansund plant, and costs for FEED and concept development.

QUANTAFUEL ASA
CONSOLIDATED INCOME STATEMENT
1 JANUARY - 30 SEPTEMBER
(Amounts in NOK thousands)

		Q3 2021 Group	Q3 2020 Group	First nine months 2021 Group	First nine months 2020 Group	Full year 2020 Group
						Audited
Operating revenue		1 392	6 066	3 642	6 071	8 387
Share of net income in equity- accounted investees		-302	-	4 282	-	-
Cost of materials		13 059	6 010	27 165	8 129	14 805
Salaries and personnel costs	4	18 206	23 853	39 392	50 081	84 052
Depreciation and amortisation	2	3 684	1 438	10 265	3 858	8 891
Other operating expenses		11 530	5 025	42 287	22 265	28 354
Operating profit (loss)		-45 391	-30 259	-111 187	-78 261	-127 714
Finance income		-621	5	222	15 642	624
Finance expense		2 884	-5 585	8 735	27 225	-8 718
Finance items convertible loan		26 754	-314 365	205 302	- 356 785	-334 803
Net financial items	3	23 249	-308 775	196 789	-368 368	-342 897
Profit (loss) before tax		-22 142	-339 034	85 603	-446 629	-470 611
Income tax expense		-13	-8 226	-3 889	-27 659	-31 702
Profit (loss) for the period		-22 155	-347 260	81 714	-474 288	-502 313
Attributable to:						
Equity holders of the parent		-21 790	-345 151	82 381	-469 118	-496 699
Non-controlling interest	6	-366	-2 109	-668	-5 170	-5 614
Earnings per share, ordinary (NOK)		-0,2	-3,0	0,6	-4,1	-4,1
Earnings per share, diluted (NOK)		-0,2	-3,0	0,6	-4,0	-4,0

QUANTAFUEL ASA
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
1 JANUARY - 30 SEPTEMBER
(Amounts in NOK thousands)

	Q3 2021	Q3 2020	First nine months 2021	First nine months 2020	2020
	Group	Group	Group	Group	Group
Profit for the period	-22 155	-347 260	81 714	-474 288	Audited -502 313
Items that may be reclassified to profit (loss)					
Translation differences, net	-3 046	179	-3 111	2 790	1 342
Total comprehensive profit (loss)	-25 201	-347 081	78 603	-471 498	--500 972
Attributable to:					
Equity holders of the parent	-24 836	-344 972	79 270	-466 328	-495 357
Non-controlling interest	-366	-2 109	-668	-5 170	-5 614

QUANTAFUEL ASA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2021
(Amounts in NOK thousands)

	Note	At 30 September 2021 Group	At 30 September 2020 Group	At 31 December 2020 Group
				Audited
ASSETS				
Deferred tax asset		12 889	3 633	13 160
Goodwill		54 085	-	54 085
Other intangible assets		32 604	20 212	30 583
Property plant and equipment	2	753 980	503 256	610 919
Right-of-use asset		56 426	56 735	71 527
Equity-accounted investment	6	172 133	-	-
Investment in associated company		7 733	10 000	
Other non-current assets			5682	7 855
Total non-current assets		1 089 850	599 518	788 129
Inventory		3 500	-	3 217
Accounts receivable		13 030	3 857	3 359
Other receivables		11 651	8 630	10 118
Cash and cash equivalents		379 133	770 457	692 223
Total current assets		407 314	782 943	708 917
Total assets		1 497 163	1 382 461	1 497 046
EQUITY AND LIABILITIES				
Share capital		1 489	1 345	1 358
Non-registered share capital		-	-	-
Other paid-in capital		1 906 183	1 322 572	1 373 496
Retained earnings		-758 454	-780 467	-802 593
Equity attributable to the owners of the parent		1 149 218	543 450	572 261
Non-controlling interests		-738	89 073	81 726
Total equity		1 148 480	632 524	653 987
Deferred tax liabilities		109 904	92 336	106 015
Non-current interest bearing liabilities	3	72 981	511 293	519 652
Long-term leasing liability	3	58 056	51 979	71 000
Other non-current liabilities		-	-	9 044
Total non-current liabilities		240 942	655 608	705 712
Current interest bearing liabilities	3	6 015	2 999	6 191
Short-term leasing liability	3	4 303	7 636	5 723
Accounts payable		42 109	39 084	53 938
Other current liabilities		55 315	44 610	71 494
Total current liabilities		107 742	94 329	137 347
Total equity and liabilities		1 497 163	1 382 461	1 497 046

QUANTAFUEL ASA
CONSOLIDATED STATEMENT OF CASH FLOWS
1 JANUARY - 30 SEPTEMBER 2021
(Amounts in NOK thousands)

	Q3 2021	Q3 2020	First nine months 2021	First nine months 2020	Full year 2020
	Group	Group	Group	Group	Group
					Audited
Profit (loss) for the period, before tax	-22 142	-339 034	85 603	-446 629	-470 611
Depreciation and amortisation	3 684	1 438	10 265	3 858	8 891
Income taxes paid		-	-	-	-
Share-based payment expense	3 068	1 100	8 455	2 667	5 059
Net financial items	-22 947	308 775	-201 374	368 368	342 897
Increase/(decrease) in inventory	603	-	-283	-	-3 217
Increase/(decrease) in net accounts receivable and payable	-7 063	-2 678	-21 499	-24 254	-8 902
Increase/(decrease) in net other receivables and other payables	21 170	1 907	-16 473	14 115	43 167
Cash flows from operating activities	-23 627	-28 491	-135 003	-81 874	-82 716
Purchase of property, plant and equipment	-80 582	-47 722	-147 905	-144 915	-201 138
Purchase of intangible asset	-101	-403	-2 087	-213	-5 303
Purchase of shares	-	-10 000	-5 928	-10 000	-10 000
Increase/(decrease) in other non-current assets	8	704	-6	-2 031	-4 623
Interest income received	-	-	-	-	621
Cash flows from investment activities	-80 675	-57 421	-155 926	-157 159	-220 443
Proceeds from issue of shares	224	830 404	2 117	830 864	826 438
Proceeds from borrowings	-7 378	810	-11 636	31 768	28 200
Payment of lease liabilities	-2 796	-22	-8 336	-1 800	-7 671
Interest expenses paid	-1 581	-1 504	-4 305	-2 009	-2 250
Cash flows from financing activities	-11 532	829 689	-22 161	858 824	844 717
Net change in cash and cash equivalents	-115 834	743 776	-313 090	619 790	541 558
Cash and cash equivalents at beginning of period	494 967	26 680	692 223	150 666	150 666
Cash at cash equivalents at end of period Group	379 133	770 457	379 133	770 457	692 223

QUANTAFUEL ASA

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1 JANUARY - 30 SEPTEMBER

(Amounts in NOK thousands)

	Share capital	Share premium	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 31 December 2019	112	497 874	-286 676	211 310	66 780	278 090
Profit (loss)	-	-	-496 699	-496 699	-5 614	-502 313
Change in NCI share of plant excess value	-	-	-20 560	-20 560	20 560	-
Total comprehensive income	-	-	-517 259	-517 259	14 946	-502 313
Translation differences, net	-	-	1 342	1 342	-	1 342
Total OCI	-	-	-515 917	-515 917	14 946	-500 971
Increase in share capital	1 246	870 563	-	871 809	-	871 809
Share-based payments	-	5 059	-	5 059	-	5 059
Equity at 31 December 2020	1 358	1 373 496	-802 593	572 261	81 726	653 987
Profit (loss)	-	-	82 381	82 381	-668	81 714
Change in NCI share of plant excess value	-	-	-	-	-	-
Total comprehensive income	-	-	82 381	82 381	-668	81 714
Translation differences, net	-	-	-3 111	-3 111	-	-3 111
Total OCI	-	-	81 103	81 103	-668	78 603
Increase in share capital	131	524 232	-	524 363	-	524 363
Equity effect of aquisition Skive minority shareholders	-	-	-35 131	-35 131	-81 797	-116 928
Share-based payments	-	8 455	-	8 455	-	8 455
Equity at 30 September 2021	1 489	1 906 183	-758 454	1 149 218	-738	1 148 480

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 30 September 2021 were authorised for issue by the Board of directors on 10 November 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.

Note 2 Property, Plant and Equipment

	Property and plant	Machinery and equipment	Assets under construction	Total
Period ended 31 December 2019				
Cost		815	95 736	96 551
Additions		4 489	259 466	263 955
Accumulated depreciation		1 759		1 759
Net book value at 31 December 2019		3 545	355 202	358 748
Period ended 31 December 2020				
Additions		61 375	196 102	257 476
Depreciation		5 305		5 305
Exchange differences				-
Net book value 31 December 2020	-	59 615	551 304	610 919
Period ended 30 September 2021				
Additions		29 486	118 420	147 905
Depreciation		3 902	-	3 902
Exchange differences		-	-942	-942
Net book value 30 September 2021	-	85 199	668 781	753 980
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:	30.09.2021	31.12.2020
Debt instruments at amortised cost:		
Trade and other receivables	24 680	13 477
Non-current deposits	7 733	7 855
Sum financial assets	32 413	21 332
Total current	24 680	13 477
Total non-current	7 733	7 855

Financial liabilities: Interest-bearing liabilities:

	Interest rate	Maturity	30.09.2021	31.12.2020
Current interest-bearing liabilities				
Loan from DGI	CIBOR+8.14%	2021-2028	6 015	6 191
Lease liabilities	8.5 %	2019-2034	4 303	5 723
Total current			10 318	11 914
Non-current interest-bearing loans:				
Sparebank 1 SMN	6.0 %		36 926	39 286
Innovasjon Norge	3.95%		2 400	2 400
Loan from DGI	CIBOR+8.14%		33 654	38 189
BASF liability	18.86%		-	79 019
BASF conversion right liability	n.a.		-	360 758
Lease liabilities ³	8.48% / 6%		58 056	71 000
Total non-current			131 037	590 652
Total interest-bearing liabilities			141 355	602 567

Other financial liabilities at amortised cost:

	30.09.2021	31.12.2020
Trade and other payables	97 424	125 432
Total current	97 424	125 432
Total non-current	-	-

On 14 July 2021 BASF converted their convertible loan into shares. The financial items related to the convertible loan as at the conversion date was NOK 26.8 million for Q3 2021. The total profit and loss effect of the convertible loan has been NOK 131.6 million. This is excluding the exchange rate effect. Total equity effect of the convertible loan has been NOK 233.6 million, this excluding the effect on the retained earnings through profit and loss.

³ Please note that a new lease contract in Quantafuel Kristiansund AS will be effective as of 1.10.2021. This gives a RoU asset and liability of NOK 38 million. Yearly depreciation is estimated to be NOK 3.8 million.

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 30.9.2021, the Company had 6,538,669 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 4.60 – 77.00 per share, and with an exercise period that ends between 12 June 2023 and 1 September 2025.

The calculated value is recognised as a liability in the statement of financial position. The liability recognised at the reporting date is NOK 22.7 million and NOK 9.7 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 subscription prices between NOK 4.60 and NOK 19.00 per share.

On 11 June 2021 new shares were registered in the Norwegian Register of Business Enterprise. Quantafuel issued 11,333 shares at NOK 0.01 per share. This capital increase was related to stock options being exercised. The shares were exercised at subscription prices between NOK 4.60 and NOK 12.90 per share.

On 5 July 2021 new shares were registered in the Norwegian Register of Business Enterprise. Quantafuel issued 2,880,000 shares at NOK 0.01 per share. This capital increase was related to the purchase of the remaining 23.7% of the shares in Quantafuel Skive ApS

On 22 July 2021 new shares were registered in the Norwegian Register of Business Enterprise. Quantafuel issued 7,300,921 shares at NOK 0.01 per share. This capital increase was related to conversion of the BASF convertible loan into shares.

On 15 September 2021 new shares were registered in the Norwegian Register of Business Enterprise. Quantafuel issued 7,300,921 shares at NOK 0.01 per share. This capital increase was related to stock options being exercised. The shares were exercised at a subscription price NOK 13.5 per share

The total share capital of Quantafuel as of 30 September 2021 was NOK 1,489,485.13 divided by 148,948,513 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.

From first quarter 2021 Geminor Invest AS is recognised in the accounts as an equity accounted investee according to IAS 28.3.

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.

On 28 June 2021 Quantafuel ASA purchased the remaining 23.7% of Quantafuel Skive ApS and now holds 100% of the shares in Quantafuel Skive Aps.

On 1 July 2021 Quantafuel Aalborg Aps, Quantafuel Esbjerg Aps and Quantafuel Denmark Aps were registered with Erhvervsstyrelsen, Denmark. Quantafuel ASA holds 100% of the shares in all three companies.

Note 7 Subsequent events

On 13 October 2021 Lars Rosenløv Jensen was appointed the new CEO of Quantafuel, starting November 1st 2021.

Forward looking statement

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

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

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

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



Quantafuel ASA

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

Org.no: 915 119 484

*Address:
Lilleakerveien 2c
0283 Oslo
Norway*

www.quantafuel.com