Quantafuel ASA

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Annual Report 2021

Quantafuel

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

List of Signatures

2021 Quantafuel BOD report.pdf

Name	Method	Signed at
Enger, Thorleif	BANKID	2022-04-27 17:12 GMT+02
Teigland, Wenche	BANKID_MOBILE	2022-04-27 16:39 GMT+02
Rosenløv Jensen, Lars	BANKID	2022-04-27 16:34 GMT+02
Kasper Bech Trebbien	NEMID	2022-04-27 16:27 GMT+02
Maximilian Walter	One-Time-Password	2022-04-27 16:14 GMT+02
Smith, M Margrethe	BANKID	2022-04-27 20:40 GMT+02
KOPPERVIK, BERIT	BANKID_MOBILE	2022-04-27 18:42 GMT+02
Andersen, Ann-C Gjerdseth	BANKID	2022-04-27 18:13 GMT+02

Report from the Board of Directors 2021

About the Company
Quantafuel ASA (the "Company") is the parent company of the Quantafuel Group ("Group"). The main office is located in Oslo (Norway).

The Group includes, in addition to Quantafuel ASA, the following subsidiaries:

Quantafuel Oslo AS
Quantafuel Kristiansund AS
Quantafuel Denmark Aps
Quantafuel Skive Aps
Quantafuel Esbjerg Aps
Quantafuel Aalborg Aps
Quantafuel Sweden AB
Quantafuel UK Ltd
Quantafuel Sunderland Limited
Quantafuel Cheshire Limited
Next Gen Energy S.A de C.V

Quantafuel is a technology-based recycling company converting post-consumer plastic waste back into low-carbon synthetic oil products replacing virgin oil products in the production of new plastics, as well as development and operation in related activities. Quantafuel establishes, operates and owns dedicated Plastic-to-Liquid (PtL) plants and plastic sorting facilities, and plans to establish several plants throughout Europe and beyond. Quantafuel currently has two plants in operation; Skive (Denmark) for chemical recycling and Kristiansund (Norway) for combined mechanical and chemical recycling. The strategy is to expand the company internationally to make a meaningful contribution to solve one of our times' most pressing environmental challenges.

Quantafuel focuses on 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 bring it into a circular economy where it is turned into new products. Our technology is essential to helping European countries reach defined recycling targets and businesses increase the share of recycled content in their products.

Highlights 2021
2021 has been an eventful year for Quantafuel. The company's mission is to drive a sustainable future by converting plastic waste into valuable products, and Quantafuel has proved its chemical conversion technology. By offering a win-win solution for the environment, shareholders and its customers, Quantafuel is well positioned to capitalise on these opportunities based on its process and technology toolbox.

During 2021, there has been a high focus on Skive and we have seen some great progress; from operating the first production line at full capacity in Q1 to successfully upgrading and commissioning two production lines, and quickly transitioning them into production mode in Q4. We did not reach our target of reaching Proof-of-Concept (PoC) during 2021 and were very pleased to reach this milestone during Q1 2022.

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.

In June 2021, Quantafuel strengthened its position in Denmark by acquiring the 23.7% remaining shares of Quantafuel Skive ApS. Following the purchase, Quantafuel now owns 100% of the plant in Skive.

In July 2021, Kjetil Bøhn informed the board that he would step down from his position as CEO. As the company was entering the industrial phase, it was a pleasure to announce Lars Rosenløv as the new CEO from 1st of November 2021. Mr Rosenløv has 30 years of industrial experience from the process industry in Equinor ASA.

In December 2021, Quantafuel acquired the remaining 50% of the shares in Quantafuel UK, as well as the project companies in Sunderland and Cheshire. Through these acquisitions, Quantafuel owns 100% of the three companies Quantafuel UK Ltd, Quantafuel Sunderland Limited and Quantafuel Cheshire Limited, and is continuing strengthen our position in the UK market.

Despite 2021 being another year with Covid-related challenges, Quantafuel has maintained its activities. Based on the experience gained from our plants in Skive (Denmark) and Kristiansund (Norway), as well as a notable process and technology toolbox, Quantafuel's management and Board of Directors are confident in continuing announced projects. We are discussing the roll-out of large-scale capacity plants with both existing and potential partners.

Environment, Social and Governance (ESG)
With a fully certified value chain, and a technology enabling more plastic waste to be materially recycled, 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 (our partners) contribute to a circular economy for plastics. Plastic waste will be converted into recycled products in compliance with the EU definition of recycling.

Transparency: The Quantafuel approach improves transparency in the waste sector. Environmental certification guarantees that the origin of the waste is known and upgrade yield to material recycled product is properly documented.

Environment: We offer proof of environmental benefits. Life Cycle Assessments are being used as a tool for analysis and development for Quantafuel plants, guaranteeing transparency about the environmental footprint of our product and process.

Quantafuel has completed a materiality assessment based on interviews with selected stakeholders including employees, investors, partners, industry and sustainability experts. Based on responses, we have identified the following sustainability priorities:

- Contribution to circular economy
- ESG focus across our supply chain
- Minimised CO2 footprint
- Traceability of waste plastic and end products
- EU Taxonomy compliance

Concrete goals in these areas, such as targets for improved resource efficiency and reduced CO2 footprint, are in preparation, and data is being finalised for the upcoming LCA study. To gain further knowledge on how to maximise yield when recycling household plastic waste, Quantafuel has initiated a third-party study in cooperation with and supported by our industrial partner BASF, analysing 4,000 tonnes of plastic waste with respect to polymer distribution and suitability for chemical recycling. We expect the outcome to add significant value to our operations and sourcing strategy.

With regards to the UN sustainable development goals (SDG), the following five goals are considered most relevant:

- SDG 7: Affordable and clean energy
- SDG 9: Industry, innovation and infrastructure
- SDG 11: Sustainable cities and communities
- SDG 12: Responsible consumption
- SDG 13: Climate action

In early 2021, Quantafuel received both REDcert² 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 REDcert² certificate, Quantafuel sent the first commercial product batch from Skive to BASF.

Quantafuel is continuing to expand the activities with experienced companies with a strong ESG focus to further improve our sustainability performance. To this end, we have joined the leading expert network Sustainability Hub as an active partner in 2021.

Quantafuel's plants will be built according to high sustainability standards, and our goal is to ensure that our own production is climate-neutral and waste-free. As we are moving our business into the operational stage, we are continuing to strengthen our work in the ESG field. Key milestones in 2021 were to develop a comprehensive sustainability strategy, including measurable KPIs covering Scope 1 to Scope 3 CO_2 emissions, resource efficiency, and other relevant environmental impacts.

Quantafuel has initiated a comprehensive effort to document the Company's environmental footprint. The Norwegian Institute for Sustainability Research (NORSUS) has been 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.

Quantafuel has developed a Green Finance Framework relevant for raising future capital via green bonds, reviewed by CICERO.

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 two minor injuries in 2021 that needed medical treatment. 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 has obtained the relevant REACH (PPORD) registrations for all chemical products produced at both the Skive and Kristiansund plant.

Skive plant

Quantafuel Skive ApS is 100% owned by Quantafuel ASA after the purchase of shares from minority owners in 2021. The plant has a design capacity of 20,000 tonnes annually, divided on four equal processing lines, with common up- and downstream equipment for feedstock handling and pyrolysis oil processing.

During 2021, the plant had less uptime than planned, and the main focus has been on making the processing lines more robust and removing of obstacles that prevented stable production at high load. This work culminated in installation of new equipment in a major turnaround that due to supply chain issues for key parts had to be postponed from Q3 to Q4. This new equipment has proven to bring both capacity and stability close to expectations. Minor adjustments and tuning of main process and supporting systems are expected to continue during the coming quarters.

The Skive organisation has during the year been strengthened to handle preventive maintenance in parallel with 24/7/365 operations.

We reached significant achievements in Skive in January 2022, processing more than 100 MT of plastic waste weekly and with two lines running simultaneously with an uptime of 69% at an average load of 79%. Upgrade of the two remaining lines is ongoing as previously communicated.

On 5 February 2022, the Skive plant in Denmark experienced a mechanical failure in the burner chamber of one of the production lines. As a safety precaution all production was closed down to allow for root cause to be identified and rectified. There were no personal injuries, neither any hazardous substances released to the environment.

In March 2022, Quantafuel announced Proof of Concept (PoC) for its Skive plant after more than seven days of continuous operation at a level corresponding to an annual capacity of 16,000 tonnes of plastic waste infeed.

The total investment cost of Skive was adjusted to NOK 620 million, and with the plant's readiness for stable production, the ownership was transferred to Quantafuel Skive ApS.

Kristiansund plant

There is a strong demand – and record-high prices – for high-quality recycled plastic material. Quantafuel's recycling plant in Kristiansund completed its new 20,000 tonnes per year sorting line in 2021. We have been feeding plastic into the new line since mid-November and up to 40 tonnes of plastic is being processed on a daily basis. Although we are still ramping up, a number of product shipments have been made at market prices significantly above budget assumptions.

Quantafuel's acquisition of Replast adds mechanical recycling capacity to Quantafuel's existing chemical recycling portfolio. The Company expects that by combining mechanical and chemical production, the recycling rate will increase considerably. Further plants can be established across the Nordics based on a similar set-up. In Kristiansund, Quantafuel is also testing new reactor design for future Plastic-to-Liquid plants.

Quantafuel's operation in Kristiansund illustrates the company's growth plans; By combining chemical recycling with mechanical sorting and recycling, we optimize plant economics and recycling rates, which in turn contributes towards solving the global plastic waste issue.

In December 2021, the set-up in Kristiansund was enhanced with additional extruder capacity. The extruder is now fully operational and turns hard plastic polyethylene (HDPE) and polypropylene (PP) flakes into pellets used by European customers for making new plastic products.

To fully utilise the available sorting capacity, additional modules to increase commercial volumes will be installed, with production scheduled to start in Q3 2022. In addition to the capacity of 20,000 tonnes for mechanical recycling, the plant will have capacity to increase production with 10,000 tonnes of chemical recycling feedstock per year for a potential permanent Plastic-to-Liquid plant, extending the current plastics-to-liquid pilot, by increasing operational shifts on the sorting line.

In February 2022, we entered into a new chapter in our cooperation with Geminor in Norway; offering plastic recycling solutions to a larger national customer base. Quantafuel's sorting and recycling capacity combined with Geminor's tracking software (Gemisoft), trading and logistics are the key competitive advantages that will enable us to build market share and become a key and trusted player within this market. Geminor extend the sourcing arm of Quantafuel Kristiansund to secure supplying the facility with a minimum of 20,000 tonnes of solid plastics annually. Together, we aim to become the leading plastic upstream player in Norway and the rest of the Nordics.

Esbjerg development

Quantafuel is progressing as planned with its Esbjerg sorting and recycling project development in Denmark. The Esbjerg sorting facility is planned to be operational during the second half of 2023. The aim for Esbjerg is to become the major Danish hub for plastic waste sorting, significantly contributing to the EU and national recycling targets, reducing incineration, and lowering CO_2 emission.

Quantafuel believes that the Esbjerg development will be a game-changer for the post-consumer plastic waste market in Denmark. There is a great need for plastic waste sorting capacity as Denmark has set very high targets for recycling of plastic waste and our Esbjerg plant will be a major contributor for the country to reach its ambitious targets. Once completed, the facility will have the capacity to sort more than 160,000 tonnes of plastic waste into clean mono-fractions, ideally suited for mechanical and chemical recycling.

The plastic waste sorting facility is Quantafuel's first step towards developing a full sorting and recycling site in Esbjerg. The next phase will include a large-scale Plastic-to-Liquid (chemical recycling) plant based on Quantafuel's technology, with significant volumes of waste plastics feedstock sourced from the sorting facility.

We are moving into pre-construction phase and are confident in securing financial capacity to start construction soon. The Esbjerg Sorting Plant has a planned capex of around NOK 700 million.

Aalborg facility

Quantafuel has secured a plot in Aalborg, adjacent to Geminor's Aalborg-site, through a contract with Port of Aalborg to develop a logistics and sorting hub with the primary focus to ensure stable feedstock supply to our plant in Skive. The facility will be operated in close co-operation with Geminor.

New prospects

In December 2021, ENOC Group, Dubal Holding LLC and Quantafuel signed a Memorandum of Understanding (MoU) to do a feasibility study regarding the potential of establishing and operating plastic-to-liquid production plants in the United Arab Emirates (UAE) The UAE recently announced "The UAE Net Zero by 2050 Strategic Initiative", a national drive to achieve net-zero emissions by 2050 as well as an ambition to send zero waste to landfill by 2030. The initiative aims to promote dynamic economic growth alongside positive environmental impact. The plastic-to liquid project with Quantafuel will be a significant step towards a circular economy by converting waste plastics into valuable products.

Quantafuel has strengthened its position in the UK by signing a contract to acquire the remaining 50% of the shares in Quantafuel UK, as well as the project companies in Sunderland and Cheshire. Following the full implementation of the agreement, Quantafuel ASA will own 100% of the three UK companies. We see a strong potential in the UK market and look forward to contributing towards the circular economy and help improve the UK's plastic recycling rates. We are making progress with our Sunderland project where we have selected a 12-acre (approximately 50,000 m2) site on the port for our first large-scale plant in the UK. A preliminary planning application has been submitted, and a full planning application and permitting application will be finalised and submitted in May. Subject to approval, this plant will annually process over 100,000 tonnes of plastic waste.

We continue to work closely with the Vitol company VTTI towards a chemical recycling plant supplying circular raw materials to Vitol. The feasibility study is proceeding, but due to an extended timeline for the permitting process for the initial site, which would significantly delay the target start-up date, we are looking at alternative sites.

European growth

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.

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.

Research & Development (R&D)

Quantafuel believes in exploring ideas through innovative projects, driving solutions for a more sustainable waste and energy market. Our R&D team is driving strategic initiatives to improve the chemical recycling technology portfolio, including maximum use of by-products. Triggered by dialogues with potential industrial partners 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, as well as maximizing yield of light fraction suitable for sensitive downstream use.

Testing of new pyrolysis technology is continuing in Kristiansund, in close cooperation with Quantafuel's R&D capacities, as well as together with our industrial partners. Throughput and stability have increased, and the products show promising analysis results. Bottlenecks and improvements have been identified, and further improvements of the system to achieve expected reliability are continuously being implemented.

Testing has continued throughout 2021, providing the necessary data for BASF and Quantafuel to evaluate and conclude on use of this reactor technology in a permanent installation.

In December, Quantafuel was awarded NOK 13.7 million in funding from The Norwegian Research Council (Forskningsrådet) to further develop chemical recycling of plastic waste into low-carbon synthetic oil products replacing fossil oil feedstock. The funds will be applied in Quantafuel's Innovation Hub at the Norwegian university NTNU named "Chemical Conversion of Waste". This partnership was formally launched in October 2021 with NTNU's Department of Chemical Engineering to continue the optimisation of Quantafuel's Plastic-to-Liquid technology offerings.

People and Organisation

The Quantafuel Group as of 31.12.2021 had a total 93 employees whereof 90 full-time, out of which 60 are employed in Quantafuel ASA. In the Company, one employee holds a part time position, by personal choice.

In addition, the Company have had two employees in temporary positions to cover for temporary workload and employees on parental leave. Quantafuel employs a high level of engineering and technical personnel, which historically has been dominated by men. The workforce currently consists of 75% male and 25% female in the Group and 70% male and 30% female in the Company.

The sick leave for the Group and Company is low and below 1%.

Quantafuel has a treatment insurance for all employees.

The average number of weeks for parental leave was 34 for women and 15 for men, where of respectively 19 and 14 were taken in 2021.

For Quantafuel ASA, excluding executive management, women earned 83% of their male counterparts' average salary in 2021.

Position category	Proportion of women (%)	Womens's salary as a proportion of men's (%)
1	0 %	-
2	25 %	96 %
3	33 %	85 %
4	50 %	74 %

The table above shows salary levels and gender balance for employees in the Company separated into four categories based on the position’s degree of responsibility and complexity.

The Company and Group 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. Differences in background, culture and perspectives are important for the company, and in 2021 a total of 19 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 routines for notification, which ensures 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.

At the same time, we want to have an "open door", to ensure that regular conversations are taken throughout the year. During the first quarter of 2022 we have conducted an employee survey and plan to run this twice a year going forward. There are quarterly Working Environment Committee (WEC/AMU) meetings in the company, where issues are raised - and followed up further. The work environment is a fixed point, but we have had no issues during 2021.

The ambition is to have a sustainable work environment that performs at a high level, based on the inclusion of our differences, and together take advantage of the differences to develop as a company with technology and innovation. We want to show all employees that they are valued for the differences they represent and that they contribute to success.

As part of our systematic work with HSE, we have established strong routines for maintaining and further developing an inclusive work environment.

Insurance for board members and general manager
The Company has an insurance for the members of the Board of Directors and CEO.

The insurance covers:

- Any claim first made against the insured persons during the period of insurance.
- Defence costs incurred by the insured persons in connection with such claim, and
- Legal representation expenses incurred by the insured persons in connection with an investigation or enquiry first instigated during the period of insurance.

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.

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 shall supervise the Company's day-to-day management and the Company's activities in general and may issue guidelines in this respect. The Board has delegated to the CEO the responsibility for the day-to-day management of the Company's activities, as set out in the separate Rules of Procedure for the CEO.

The Audit Committee, consisting of two Board members, holds regular meetings with CFO and Head of Accounting.

For certain topics, the Board of Directors establish project specific committees that conduct reviews with the administration before Management presents the respective topics to the Board of Directors for approval.

The Company has a Nomination Committee, regulated by the Company's Articles of Association.

In December 2020 – January 2021, the Board conducted 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 2021 held eleven meetings, with additional six 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 which has taken more time and resulted in higher costs than originally planned. Any new outbreak of the pandemic can negatively affect our operations and projects by hindering access to internal project resources, equipment suppliers and external resources.

Ukrainian war

The war in Ukraine, and sanction policies to Russia, can have effect on supply, demand and prices of important material, offtake and services.

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.

Market Risk

The Group had limited external sales through 2021, 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 emphasised 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.

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 284.9 million in bank deposits as at 31 December 2021.

Credit Risk
The Group's credit risk is limited as the Group had limited external sales in 2021. 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, Esbjerg, Aalborg and Kristiansund projects. No hedging agreements have been entered into for the projects.

Regulatory Risk
There is a risk that changes to regulations - regional, national or international - may affect the Company's business.

Cashflow
The Quantafuel group had a net decrease in cash of NOK 407.3 million for the year, while the Company had a net decrease of NOK 439.0 million. The operational cashflow for the Group was negative NOK 210.5 million, and for the Company negative NOK 337.8 million. Cashflow from financing activities for the Group was NOK -1.25 million and for the Company NOK 0.07 million. Group cash balance as at 31.12.21 was NOK 284.9 million, and for the Company NOK 243.3 million.

Financial position
For the Group, equity was NOK 1,068.5 million as at 31.12.21 corresponding to a book equity ratio of 71%. Equity increased by NOK 414.5 million during the year following issuance of shares relating to purchase of Geminor Invest AS, purchase of remaining shares in Quantafuel Skive Aps and conversion of convertible loan from BASF.

Total non-current assets at the end of year 2021 was NOK 1,151.7 million due to an increase of Assets under construction related to Skive plant of NOK 88.7 million and costs for FEED and concept of NOK 59.3 million.

The Company had an equity of NOK 931.5 million as at 31.12.21, corresponding to a book equity ratio of 86.4%. Equity increased by NOK 585.2 million during 2021.

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 profit for the year was NOK 52.04 million, which the Board recommends being allocated against retained earnings:

Quantafuel ASA	
Retained earnings	NOK 52.04 million

Outlook
Following Proof-of-Concept for our Plastics-to-Liquid plant in Skive, focus remains on ramping up production volumes at the plant. In parallel, the final investment decision for the Esbjerg Sorting Plant is a key milestone for Quantafuel. Further, in our Kristiansund plant we are increasing capacity on sorting and working on a chemical recycling plant planned to be operating alongside the existing mechanical recycling plant.

The Board of Directors fully support Quantafuel's management and organisation to continue the announced growth plan. Further prospects are under development and will be announced when the required maturity is reached. Our positioning upstream and our industrial partners are putting us in a good position to build a circular economy for plastics in Europe and beyond.

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.

The market remains positive for Quantafuel's products, with prices for related products being higher than previously expected.

EU's Green Deal requiring 50% recycling by 2025 is an important accelerator for plastic recycling. For Quantafuel this means more business opportunities and continued technology development, for which we are building our organisation. Quantafuel is 100% committed to contributing towards solving the global waste problem, and our employees are proud of being part of a company that is acting now.

The Board would like to thank the employees for their hard work, making plastic circular through Quantafuel's plants and industrial solutions.

The Board of Directors Quantafuel
ASA
Oslo, 27 April 2022

Ann-Christin Andersen Chairperson of the Board	Thorleif Enger Board member	Maximilian Walter Board member
Wenche Teigland Board member	Berit Koppervik Board member	Majken Margrethe Smith Board member
Kasper Bech Trebbien Board member		Lars Rosenløv Jensen CEO

List of Signatures

2021 Quantafuel Financial Statements.pdf

Name	Method	Signed at
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Teigland, Wenche	BANKID_MOBILE	2022-04-27 16:40 GMT+02
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Quantafuel Group

Consolidated financial statements

31 December 2021

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

	Note	2021	2020
Operating revenue	4	**5 161**	**8 387**
Share of net income equity-accounted investees	25	**3 954**	**-**
Cost of materials		55 854	14 805
Salaries and personnel costs	7,8,9	67 133	84 052
Depreciation and amortisation	13,15	20 061	8 891
Other operating expenses	10	52 951	28 354
Operating profit (loss)		**-186 885**	**-127 714**
Finance income		1 012	624
Finance expense		-12 911	-8 718
Finance items convertible loan		205 302	-334 803
Net financial items	11	**193 403**	**-342 897**
Profit (loss) before tax		**6 518**	**-470 611**
Income tax expense	12	-10 401	-31 702
Profit (loss) for the period		**-3 883**	**-502 313**
Attributable to:			
Equity holders of the parent		-3 883	-496 699
Non-controlling interest		-	-5 614
Earnings per share, ordinary	24	-0.03	-4.15
Earnings per share, diluted	24	-0.03	-4.03

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

	Note	2021	2020
Profit for the period		**-3 883**	**-502 313**
Items that may be reclassified to profit (loss)			
Translation differences, net		2 184	1 342
Total comprehensive profit (loss)		**-1 699**	**-500 972**
Attributable to:			
Equity holders of the parent		-1 699	-495 357
Non-controlling interest		-	-5 614

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

	Note	2021	2020
ASSETS			
Deferred tax asset	12	21 300	13 160
Goodwill	14	54 085	54 085
Other intangible assets	13	32 537	30 583
Property plant and equipment	15	771 134	610 919
Right-of-use asset	22	93 139	71 527
Equity accounted investees	25	171 806	-
Other non-current assets	16	7 652	7 855
Total non-current assets		**1 151 653**	**788 129**
Inventory	23	5 783	3 217
Accounts receivable	16,17	18 120	3 359
Other receivables	16,17	21 395	10 118
Assets held for sale	15	18 318	-
Cash and cash equivalents	5,18	284 903	692 223
Total current assets		**348 518**	**708 917**
Total assets		**1 500 171**	**1 497 046**
EQUITY AND LIABILITIES			
Share capital	19	1 490	1 358
Other paid-in capital		1 906 483	1 373 496
Retained earnings		-839 493	-802 593
Equity attributable to the owners of the parent		**1 068 479**	**572 261**
Non-controlling interests		-	81 726
Total equity		**1 068 479**	**653 987**
Deferred tax liabilities	12	124 740	106 015
Non-current interest bearing liabilities	5,16	86 757	519 652
Long-term leasing liability	5,22	92 214	71 000
Other non-current liabilities		-	9 044
Total non-current liabilities		**303 711**	**705 712**
Current interest bearing liabilities	16	17 848	6 191
Tax payable	12	450	-
Short-term leasing liability	5,22	7 555	5 723
Accounts payable	5,16	44 442	53 938
Other current liabilities	21	57 685	71 494
Total current liabilities		**127 981**	**137 347**
Total equity and liabilities		**1 500 171**	**1 497 046**

Oslo, 27 April 2022

Thorleif Enger Board member	Ann-Christin Andersen Chairperson of the Board	Maximilian Walter Board member
Wenche Teigland Board member	Berit Koppervik Board member	Majken Margrethe Smith Board member
Kasper Bech Trebbien Board member		Lars Rosenløv Jensen CEO

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

	2021	2020
Profit (loss) before tax	**6 518**	**-470 611**
Depreciation and amortisation	20 061	8 891
Income taxes paid	-	-
Share-based payment expense	11 404	5 059
Net financial items and equity-accounted investees	-197 357	342 897
Increase/(decrease) in inventory	-2 565	-3 217
Increase/(decrease) in net accounts receivables and payables	-24 256	-8 902
Increase/(decrease) in net other receivables and other payables	-24 351	43 167
Cash flows from operating activities	**-210 547**	**-82 717**
Purchase of property, plant and equipment	-194 173	-201 138
Purchase of intangible asset	-2 087	-5 303
Purchase of shares	-4 260	-10 000
Dividend	4 000	-
Increase/(decrease) in other non-current assets	-14	-4 623
Interest income received	1 012	621
Cash flows from investment activities	**-195 523**	**-220 443**
Proceeds from issue of shares	3 157	826 438
Proceeds from borrowings	12 830	28 200
Payment of lease liabilities	-12 129	-7 671
Interest expenses paid	-5 108	-2 250
Cash flows from financing activities	**-1 250**	**844 717**
Net change in cash and cash equivalents	**-407 320**	**541 557**
Cash and cash equivalents at beginning of period	**692 223**	**150 666**
Cash at cash equivalents at end of period	**284 903**	**692 223**

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
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**	**-500 972**
Other changes Equity	**-**	**-**	-	**-**		-
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)	-	-	-3 883	**-3 883**	-	-3 883
Change in NCI share of plant excess value	-	-	-	**-**	-	-
Total comprehensive income	**-**	**-**	**-3 883**	**-3 883**	**-**	-3 883
Translation differences, net	-	-	2 184	**2 184**	-	2 184
Total OCI	**-**	**-**	**-1 699**	**-1 699**	**-**	**-1 699**
Other changes Equity	**-**	**-**	-	**-**	**-**	-
Increase in share capital	132	521 582	-	**521 714**	-	521 714
Equity effect of aquisition minority shareholders	-	**-**	-35 202	**-35 202**	**-81 726**	-116 928
Share-based payments	-	11 404	-	**11 404**	-	11 404
Equity at 31 December 2021	**1 490**	**1 906 483**	**-839 494**	**1 068 479**	**-**	**1 068 479**

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 2021 were authorised for issue by the Board of Directors at their meeting on 27 April 2022.

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
- Investment in Associate at equity method
- Convertible loan, conversion right, at fair value through profit or loss

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 2021. 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

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 acquire. 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 the 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, 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

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.

The Group has one SkatteFunn tax incentive scheme approved for 2021. This is partly booked according to the gross method and presented as a liability and the provision (deferred income recognition) is reduced in line with depreciation, and partly as a reduction of others operating costs.

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.

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:

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 where the interest rate implicit in the lease is not readily determinable. This is the case for the lease agreements relating to property and plant. For Machinery and equipment, the implicit interest rate set in the agreement is used, when stated. 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 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)

For 2020 the Group had a loan that was convertible into shares of the parent company. The conversion right was an embedded derivative and was classified as a liability and subsequently measured at fair value through profit or loss. The liability component was also classified as a liability and subsequently measured at amortised cost. In 2021 this loan was converted into shares.

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.

l. 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.

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.

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.

r. Inventories

Inventories are recognised at the lowest of cost or net selling price. The net selling price is the estimated selling price in the case of ordinary operations minus the estimated completion, marketing and distribution costs. The cost is arrived at using the FIFO method and includes the costs incurred in acquiring the goods and the costs of bringing the goods to their current state and location. In-house produced goods include variable costs and fixed costs that can be allocated based on normal capacity utilisation.

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 as of 31.12.2021 not yet considered to be in operation. When estimating future cash flows, for use in impairment testing, the Group makes judgement about the production capacity and volume 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. [1]

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.

Determining Goodwill Quantafuel Kristiansund AS

Goodwill in Quantafuel Kristiansund 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.

For 2021 there has been no amendments to estimates. For 2020 amendments were made in connection with the implementation of new calculation systems for options and leasing. Please refer to note 9 for options and note 22 for leases. The estimate changes were recognised through profit and loss.

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.

[1] Please note that the Skive Plant as of 1.1.2022 is considered to be in operation.

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.

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 2021, the carrying amount of capitalised development costs was NOK 19.8 million (2020: 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%.

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

Note 4 Revenue

	2021	2020
Revenue from contracts with customers	4 456	8 387
Other revenue	705	-
Total revenue	**5 161**	**8 387**

Revenue from contracts with customers consists of NOK 2.0 million revenue from the operations in Quantafuel Kristiansund AS, NOK 0.8 million revenue from the operations in Quantafuel Skive Aps, NOK 1.6 million revenue from Quantafuel ASA, whereof NOK 1.12 million relating to Grønt Punkt Norge project, which contract is for up to 10,000 tons of plastic waste and NOK 0.44 million relating to external services.

Other revenue in 2021 consists of NOK 0.7 million from Avfall Norge, waste project.

Please refer to note 20 for further information regarding grants.

Note 5 Capital structure

	2021	2020
Interest-bearing liabilities	204 375	611 611
Trade and other payables	102 127	125 432
Less: Cash and cash equivalents	-284 903	-692 223
Net debt	**21 599**	**44 821**
Total equity	**1 068 479**	**653 987**
Total equity and net debt	**1 090 079**	**698 808**
Equity ratio	98.02 %	93.59%

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.

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

Note 6 Subsidiary information

Name	Principal activities	Country	Ownership 2021	Ownership 2020
Quantefuel Skive ApS	Production	Denmark	100 %	76 %
Quantafuel Oslo AS	Active	Norway	100 %	100 %
Quantafuel Sweden AB	Active	Sweden	100 %	100 %
Quantafuel AB	Dormant	Sweden	100 %	100 %
Quantafuel UK Ltd	Active	UK	100 %	50 %
Next Gen Energy S.A. de C.V.	Dormant	Mexico	50 %	50 %
Quantafuel Kristiansund AS	Production	Norway	100 %	100 %
Quantafuel Sunderland Ltd	Active	UK	100 %	-
Quantafuel Cheshire Ltd	Active	UK	100 %	-
Quantafuel Denmark Aps	Active	Denmark	100 %	-
Quantafuel Esbjerg Aps	Active	Denmark	100 %	-
Quantafuel Aalborg Aps	Active	Denmark	100 %	-

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

Quantafuel Skive ApS (QF Skive) is currently at the final stage of building and testing the first Plastic to Liquid (PtL) plant in Skive, Denmark. Quantfuel ASA is committed to deliver the PtL plant to Quantafuel Skive Aps, with additional investments locally in infrastructure. Quantafuel ASA holds 100% of the shares in QF Skive (2020: 76.31%).

Quantafuel Kristiansund (QF KrSund) works to improve qualities of recycled plastic in mechanical technology at the plant 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. Quantafuel ASA holds 100% of the shares in QF KrSund.

Summarised financial information for Quantafuel Skive ApS[2]:

	2021	2020
Profit (loss) for the period	-47 197	-23 922
Comprehensive income for the period	-47 197	-23 911
Non-current assets	132 480	127 698
Current assets	32 728	12 751
Non-current liabilities	96 142	83 770
Current liabilities	117 067	58 374
Non-controlling interests	-	23.7 %
Profit attributed to non-controlling interests	-	-5 614
Equity non-controlling interests		-402

[2] Please note that the Financial statement from the subsidiary has been transformed into IFRS

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

Summarised financial information for Quantafuel Kristiansund AS[3]:

	2021	2020
Profit (loss) for the period	-28 290	-10 176
Comprehensive income for the period	-28 290	-10 176
Non-current assets	105 887	71 912
Current assets	44 144	6 136
Non-current liabilities	68 545	64 738
Current liabilities	54 580	8 259

There is no, or insignificant activity, in the other subsidiaries.

Note 7 Salary and personnel costs

	2021	2020
Salaries	75 542	45 291
Pension expenses	5 503	3 034
Social security taxes	11 146	8 313
Share-based payments	11 404	5 059
Accrued social security taxes for share-based payments	-16 908	23 645
Other benefits	4 304	2 366
Salary costs classified as project cost	-23 858	- 3656
Total	**67 133**	**84 052**
Average full time equivalent employees	**82**	**53**

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

[3] Please note that the Financial statement from the subsidiary has been transformed into IFRS

(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 2021:

Name and position	Basic salary	Pension expenses	Share option expense	Total
Lars Rosenløv Jensen, CEO from 1 November	500	17	278	795
Kjetil Bøhn, CEO until 1 July	2 061	72	398	2 531
Kristian Flaten, CFO	1 713	78	251	2 042
Terje U. Eiken, COO	2 028	80	1 101	3 209
Christian Lach, CCO from 15 April	1 942	58	1 182	3 182

No bonus was paid in 2021.

Former CEO has a Severance agreement of 13 months Base Salary, amounting to a total of NOK 2.2 million, whereof NOK 1.2 million is remaining as of 31.12.2021.

The CEO has a notice period of 4 months and a Severance period of 9 months. During the notice period, the CEO receives payment of salary and other remuneration, whereas in the severance period, the payment is set as the base salary at the time of termination.

The CCO has a notice period of 4 months. If the agreement is terminated within the first three years, starting April 2021, the CCO will be paid for the full three year, unless it is the CCO that terminates the agreement.

Salary and other remuneration to executive personnel in 2020:

Name and position	Basic salary	Pension expenses	Share option expense	Total
Kjetil Bøhn, CEO	1 955	50	881	2 886
Kristian Flaten, CFO	1 221	35	294	1 550
Terje U. Eiken, COO	651	17	407	1 075

No bonus was paid in 2020.

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

Compensation to the Board of directors

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

COMPENSATION TO BOARD OF DIRECTORS	2021	2020
Oscar Spieler (from 5 June 2018 to 31 December 2021[4])	400	200
Thorleif Enger (from 27 June 2018)	200	100
Ann-Christin Gjerdseth Andersen (from 21 June 2019)	275	100
Jim Dåtland (from 21 June 2019 to 28 May 2021)	235	120
Maximilian Walter (from 7 October 2019)	-	-
Wenche Teigland (from 12 June 2020)	200	-
Wenche Nistad (from 12 June 2020 to 28 May 2021)	200	-
Kasper Trebbien (from 3 July 2020)	-	-
Per-Anders Hjort (from 27 June 2018 until 12 June 2020)	-	100
Ragnar Søegaard (from 22 September 2015 until 3 July 2020)	25[5]	130
Bård Mikkelsen (from 22 September 2015 until 21 June 2019)	35[6]	30[7]
Beate Hamre Deck	25[8]	-
Majken Margrethe Smith (from 28 May 2021)	-	-
Berit Koppervik (from 28 May 2021)	-	-
Total	**1 595**	**780**

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 175,000 in addition to Board remuneration. This agreement is now terminated. Payment under this agreement amounted to NOK 800,000 during the financial year (2020: NOK 700,000 then Deputy Chairperson). In 2020 the Chairperson of the Board at the time was 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.

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:

1. Options granted prior to 1 June 2019, which vest at grant date, and has an exercise period of 3 years
2. 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

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[4] Oscar Spieler will keep his options in Quantafuel ASA and receive Board remuneration for the period he was Deputy Chair for 2021.

[5] Please note that the Board remuneration received in 2021 is relating to the Nomination Committee
[6] Please note that the Board remuneration received in 2021 is relating to the Nomination Committee
[7] Please note that the Board remuneration received in 2020 is relating to the Nomination Committee
[8] Please note that the Board remuneration received in 2021 is relating to the Nomination Committee

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

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 2,831,000 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 10 June 2024. Under option program no 2 there are 4,147,669 options outstanding with an exercise price between NOK 10.90 – NOK 77.0 per share, and with an exercise period that ends between 12 June 2023 and 1 November 2025.

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:

	2021	2020
Total IFRS cost	11 404	5 059
Total Social security provisions	-16 908	23 645

The table below shows the inputs used to the option pricing model used for 31 December 2021:

Granted instruments 2021

Instrument	Option
Quantity 31.12.2021 (instruments)	1 725 000
Quantity 31.12.2021 (shares)	1 725 000
Contractual life*	4.0
Strike price*	45.77
Share price*	40.01
Expected lifetime*	3
Volatility*	35.0%
Interest rate*	0.869%
Dividend*	0.00
FV per instrument*	7.98
Vesting conditions	N/A

*Weighted average parameters at grant of instrument

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

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

Activity	Number of instruments	Weighted Average Strike Price	Number of instruments	Weighted Average Strike Price
	01.01.2021 - 31.12.2021		*01.01.2020 - 31.12.2020*	
Outstanding OB	5 728 334	14,67	4 705 000	7,57
Granted	1 725 000	45,77	1 680 000	31,19
Exercised	- 387 998	9,97	- 756 666	6,05
Released	0	0,00	0	0,00
Adjusted	0	0,00	0	0,00
Performance Adjusted	0	0,00	0	0,00
Cancelled	0	0,00	0	0,00
Terminated	- 86 667	26,11	0	0,00
Expired	0	0,00	0	0,00
Outstanding CB	**6 978 669**	**22,48**	**5 628 334**	**14,85**
Vested CB	**3 878 657**	**10,36**	**3 274 994**	**6,58**

(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 31.12.2021	Weighted Average Strike Price
	Outstanding Instruments			*Vested Instruments*	
4,60	1 071 000	2,44	4,60	1 071 000	4,60
6,00	980 000	2,44	6,00	980 000	6,00
6,80	780 000	2,44	6,80	780 000	6,80
10,90	305 001	1,45	10,90	183 332	10,90
12,90	37 667	1,68	12,90	24 333	12,90
13,00	200 000	2,29	13,00	66 666	13,00
13,50	80 000	1,48	13,50	53 333	13,50
14,90	66 667	2,17	14,90	13 333	14,90
15,40	80 000	2,34	15,40	26 666	15,40
16,00	200 000	2,25	16,00	99 999	16,00
17,50	300 000	1,89	17,50	200 000	17,50
18,20	200 000	1,99	18,20	79 999	18,20
18,80	160 000	2,09	18,80	53 333	18,80
19,00	26 667	2,00	19,00	0	0,00
25,42	20 000	3,75	25,42	0	0,00
25,74	40 000	2,50	25,74	13 333	25,74
26,29	46 667	2,46	26,29	0	0,00
26,90	40 000	2,45	26,90	13 333	26,90
27,39	500 000	3,83	27,39	0	0,00
35,97	145 000	3,59	35,97	0	0,00
41,36	140 000	3,34	41,36	0	0,00
46,97	120 000	3,44	46,97	0	0,00
48,24	420 000	2,67	48,24	139 999	48,24
48,47	70 000	3,42	48,47	0	0,00
50,05	40 000	2,94	50,05	13 333	50,05
51,68	50 000	3,25	51,68	0	0,00
51,70	80 000	2,84	51,70	26 666	51,70
55,77	40 000	2,92	55,77	13 333	55,77
60,00	450 000	3,29	60,00	0	0,00
66,22	120 000	3,00	66,22	0	0,00
66,66	80 000	2,75	66,66	26 666	66,66
68,86	70 000	3,17	68,86	0	0,00
77,00	20 000	3,13	77,00	0	0,00
	6 978 669			**3 878 657**	

The weighted average remaining contractual life for the share options outstanding at 31 December 2021 was 2.66 years (2020: 2.95 years).

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

Total number of options outstanding to the Board and management at 31 December 2021 is as follows:

		2021	2020
Lars Rosenløv Jensen	Management	400 000	-
Kjetil Bøhn	Management	600 000	600 000
Christian Lach	Management	450 000	-
Kristian Flaten	Management	200 000	200 000
Terje U. Eiken	Management	400 000	300 000
Oscar Spieler	Board	1 400 000	1 400 000
Thorleif Enger	Board	80 000	80 000
Ann-Christin Gjerdseth Andersen	Board	170 000	80 000
Jim Dåtland	Board	-	80 000
Wenche Nistad	Board	-	40 000
Majken Margrethe Smith	Board	30 000	-
Wenche Teigland	Board	40 000	40 000
		3 770 000	**2 820 000**

The average strike price of grants to Board and management during the year was NOK 43.00 (2020: NOK 29.00).

Amendments to estimates were made in connection with the implementation of new calculation system for options in 2020. 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

	2021	2020
Research and development expenses	10 008	1 014
Rent and other office expenses	4 788	1 433
Travel expenses	1 441	2 017
External services	17 984	18 093
Other	18 730	5 797
Total	**52 951**	**28 354**

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.

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

Compensation to auditors are as follows:

	2021	2020
Statutory audit fee	683	636
Other assurance engagements	148	179
Tax related services	48	15
Other services	402	201
Total	**1 281**	**1 031**

RSM was the Group auditor for 2021 and 2020. Fees to non-RSM auditors relating to other services and advisory amounts to NOK 300,000 (2020: NOK 302,000).

Note 11 Financial income and expense

	2021	2020
Interest income	1 012	624
Interest expenses	-8 459	-6 568
Net foreign currency gains (losses)	-2 853	-2 389
Other financial expenses	-1 599	238
Convertible loan	205 302	-334 803
Total	**193 403**	**-342 897**

Note 12 Income taxes

(Amounts in NOK thousands)

Income tax expense:	**2021**	**2020**
Tax payable	450	-
Changes in deferred tax	9 950	31 702
Tax expense	**10 401**	**31 702**

Calculation of tax basis	**2021**	**2020**
Pre-tax profit	6 518	- 470 611
Permanent differences	529	- 29 639
Change in temporary differences	- 260 755	508 734
Losses to be carried forward	291 543	133 571
Non deductible expenses	-	-
Non-taxable income	-	-
Effect of other tax rates in subsidiaries	-	-
Unused carrryforward losses	- 1 171	-
Currency effect	- 24	-
Tax expense	36 641	142 056

Tax expense

Temporary differences	**2021**	**2020**
Property, plant and equipment	600 192	505 739
Inventory	- 1 117	- 781
Financial assets and debt	-	- 325 259
Construction contracts	- 462 181	- 391 868
Financial lease	- 1 282	- 400
Provisions	- 30 945	- 28 458
Tax loss carryforwards	- 698 388	- 418 088
Disallowed interest deductions	- 11 466	- 10 863
Non-taxable income	-	-
Effect of other tax rates in subsidiaries	-	-
Effect of change in tax rate*	-	-
Currency effect	- 136	-
Other	- 357	-
Total temporrary differences	- 605 681	- 669 978
Deferred tax benefit (22%)	-133 250	-147 395
Deferred tax benefit not recognised in balance sheet	-236 689	-240 250
(+) Deferrred tax benefit / (-) Tax liability recognised in balance sheet	**103 439**	**92 855**

(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
Acquisition cost 1 January 2020		**19 460**	**1 810**	**-**	**21 270**
Additions	54 085	10 390	24	212	64 711
Disposals					-
Reclassification					-
Exchange differences			-26		-26
Acquisition cost 31 December 2020	**54 085**	**29 850**	**1 808**	**212**	**85 955**
Acquisition cost 1 January 2021	**54 085**	**29 850**	**1 808**	**212**	**85 955**
Additions		1 986		101	2 087
Disposals					-
Reclassification					-
Exchange differences			-9		-9
Acquisition cost 31 December 2021	**54 085**	**31 836**	**1 799**	**313**	**88 033**
Accumulated depreciation 1 January 2020		**-**	**1 230**	**-**	**1 230**
Depreciation				57	57
Disposals					-
Impairment					-
Reclassification					-
Exhange differences					-
Accumulated depreciation 31 December 2020		**-**	**1 230**	**57**	**1 287**
Accumulated depreciation 1 January 2021		**-**	**1 230**	**57**	**1 287**
Depreciation			38	86	124
Disposals					
Impairment					
Reclassification					
Exhange differences					
Accumulated depreciation 31 December 2021		**-**	**1 268**	**143**	**1 411**
Net book value 31 December 2020	**54 085**	**29 850**	**578**	**155**	**84 668**
Net book value 31 December 2021	**54 085**	**31 836**	**531**	**170**	**86 622**
Useful life		No depreciation	10 years	10 years	
Depreciation			Straight line	Straight line	

Research and development cost capitalised in 2021 and 2020 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. Research and Development will be depreciated over 20 years starting 2022 when the Skive Plant is considered to be in operation and the technology in use.

Recognised goodwill in the Group amounts to NOK 54 million as at 31.12.2021. Goodwill is derived from the acquisition of Quantafuel Kristiansund AS which was completed in 2020. Goodwill is tested for impairment by the Group at least annually, or when there are any indications of impairment. Please refer to note 14.

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

Note 14 Impairment testing of goodwill

Recognised goodwill in the Group amounts to NOK 54 million as at 31.12.2021. Goodwill is derived from the acquisition of Quantafuel Kristiansund AS (formerly Replast AS) which was completed in 2020.
Goodwill is requested to be tested for impairment annually. Impairment losses are recognised where the recoverable amount is less than the carrying amount.
For 2021 and 2020 there were no impairment losses recognised.

Book value of goodwill:	**2021**	**2020**
Quantafuel Kristiansund AS	54 085	54 085
Total Goodwill	**54 085**	**54 085**

Goodwill is tested for impairment at least annually, or when there are indications of impairment. The impairment test was performed as at year-end 2021.

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 has been prepared in accordance with IAS 36 impairment of non-financial assets following the discounted cash flow methodology for value in use within the standard.

The value in use for Quantafuel Kristiansund AS has been calculated by using projected cash flows based on budget approved by the Group Management.

The following assumptions were utilised when calculating value in use	**2021**	**2020**
Discount interest	8 %	8 %
Growth rate	2 %	2 %

Key assumptions for value in use calculations
In connection with the impairment testing of goodwill, a sensitivity analysis has been carried out. The sensitivity analysis has tested changes in WACC and growth rates. The estimates used to determine future cash flows and WACC when calculating value in use are subject to uncertainty. The assumptions are described below:

Discount rate
The discount interest is based on weighted average cost of capital (WACC). The discount rate is reflecting the current market rate of return in the industry where the cost of equity has been calculated with the basis in the capital asset pricing model (CAPM). An interest rate of 8 % has been used when discounting the cash flows.

Growth rate
The growth rate in the period is based on management's expectation to the development in the market. Based on available information and knowledge about the market, management is expecting some increase in the growth for the next years. Management's expectation is based on the historical development in trends and public sector analysis. As a consequence of the uncertainty in the expectations, there may be a need for subsequent adjustments.

Sensitivity
At 31 December 2021, the Group’s value in use for Quantafuel Kristiansund AS was higher than the carrying amount of tested goodwill. Sensitivity analysis show that no reasonable change in any of the key assumptions would cause the recoverable amount to be lower than the carrying amount.

(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
Acquisition cost 1 January 2020	**-**	**5 304**	**355 202**	**360 506**
Additions		61 375	196 102	257 477
Disposals				-
Reclassification				-
Exchange differences				-
Acquisition cost 31 December 2020	**-**	**66 679**	**551 304**	**617 983**
Acquisition cost 1 January 2021	**-**	**66 679**	**551 304**	**617 983**
Additions		49 255	147 931	197 184
Disposals		2 333	-	2 333
Derecognition			2 329	2 329
Reclassification		18 318		18 318
Exchange differences		-	-3 011	-3 011
Acquisition cost 31 December 2021	**-**	**95 282**	**693 894**	**789 176**
Accumulated depreciation 1 January 2020	**-**	**1 759**	**-**	**1 759**
Depreciation		5 305		5 305
Disposals				-
Impairment				-
Reclassification				-
Exhange differences				-
Accumulated depreciation 31 December 2020	**-**	**7 064**	**-**	**7 064**
Accumulated depreciation 1 January 2021	**-**	**7 064**	**-**	**7 064**
Depreciation		7 964	3 015	10 979
Disposals				-
Impairment				-
Reclassification				-
Exhange differences				-
Accumulated depreciation 31 December 2021	**-**	**15 028**	**3 015**	**18 043**
Net book value 31 December 2020	**-**	**59 615**	**551 304**	**610 919**
Net book value 31 December 2021	**-**	**80 255**	**690 879**	**771 134**
Useful life	15-20 years	3-10 years	15-20 years	
Depreciation	Straight line	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 Q1 2022. In addition, three other projects are capitalised under assets under construction. The total cost for assets under construction as of end of 2021 is NOK 690.9 million (2020: 551.3 million).

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

During the year, one asset was sold:

Book value	2 333
Sale price	1 000
Booked loss	**1 333**

Two assets are reclassed to held for sale, with a total sales value of NOK 18.32 million. At the beginning of 2021, Quantafuel Kristiansund AS decided to invest in a new mechanical line from the Dutch machine supplier Hermion Plastic Recycling Technology. The contract cost of EUR 3.75 million included a pre-production grinder of EUR 0.8 million. The grinder has been agreed to be sold to Logistikk & Baseservice AS ("LBS").

In relation to the installation and completion of the new equipment in November 2021, parts of the previous sorting lines for pre-production, foil and production were replaced. Sale is expected to be completed in Q1 for the grinder and Q2 for the production lines.

Impairment tests

The plant is in a start-up phase and proof of concept was completed in Q1 2022, with estimated full production in Q4 2022. 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 2022 – 2041. The forecast period of 20 years corresponds to a typical minimum technical design life of refineries and gas processing plants. The financial forecasts are based on Management's best estimate and current budgets. 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 7.5%. 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 product prices and volumes. Reasonable changes in the assumptions would not cause the carrying amount of the assets to exceed the recoverable amount.

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

Note 16 Financial assets and financial liabilities

Financial assets other than cash:	2021	2020
Debt instruments at amortised cost:		
Trade and other receivables	39 515	13 477
Non-current deposits	7 652	7 855
Sum financial assets	**47 167**	**21 332**
Total current	**39 515**	**13 477**
Total non-current	**7 652**	**7 855**

Financial liabilities: Interest-bearing liabilities:

	Interest rate	Maturity	2021	2020
Current interest-bearing liabilities				
Loan from Sparebank 1 SMN	5.75%	2022	7 640	-
Loan from DGI	CIBOR 3+7.03%	2022	10 208	6 191
Lease liabilities	8.48% / 6%	2022	7 555	5 723
Total current			**25 404**	**11 915**
Non-current interestbearing loans:				
Innovasjon Norge	9.95%	2024	2 400	2 400
Sparebank 1 SMN	5.75%	2026	29 287	38 189
Loan from DGI	CIBOR 3+7.03%	2028	55 071	39 286
BASF liability	18.86%		-	79 019
BASF conversion right liability *	n.a.		-	360 758
Lease liabilities	8.48% / 6%	2034	92 214	71 000
Total non-current			**178 971**	**590 652**
Total interest-bearing liabilities			**204 375**	**602 567**

Other financial liabilities at amortised cost:

	2021	2020
Trade and other payables	102 127	125 432
Total current	**102 127**	**125 432**
Total non-current		

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). A further DKK 20 million were disbursed on December 14, 2021. The loan incurs interest at 3 months CIBOR + 7.03% p.a. The loan is repayable with equal quarterly down payments with maturity on 1 April 2028. 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.

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

The loan from Sparebank 1 is maturing October 2026. The outstanding amount as of 31.12.21 was NOK 37 million. The loan is repaid on a monthly basis. A waiver of the financial covenants was granted for the 2020 financials against a capital injection of NOK 20 million.

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 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.

Changes in liabilities arising from financing activities for 2021 (2020):

			Non-cash changes				
	01.01.2021	Cash flows	Foreign exchange movement	Fair values changes	New leases	Other	**31.12.2021**
Long-term borrowings	519 653	1 173	-2 290	-431 778			86 758
Short-term borrowings	6 191	11 657					17 848
Lease liabilities	76 724	-12 129	-1 851		40 850	-3 825	99 769
Assets held to hedge long-term borrowings	-						-
Total liabilities from financing activities	**602 567**	**701**	**-4 141**	**-431 778**	**40 850**	**-3 825**	**204 375**

			Non-cash changes				
	01.01.2020	Cash flows	Foreign exchange movement	Fair values changes	New leases	Other	**31.12.2020**
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	-						-
Total liabilities from financing activities	**163 993**	**20 529**	**6 602**	**338 804**	**31 698**	**44 942**	**602 567**

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

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

Year ended 31 December 2021	Less than 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
Interest-bearing liabilities (excluding those below)	4 462	13 386	72 520	14 238	104 607
Convertible loan					
Lease liabilities	2 509	7 527	40 084	49 649	99 769
Trade payables	44 442				44 442
Total	**51 413**	**20 913**	**112 605**	**63 886**	**248 817**

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
Total	**55 369**	**10 097**	**538 003**	**53 037**	**656 505**

Fair values

Below is a comparison of the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2021 and 31 December 2020:

	31.12.2021	**31.12.2021**	**31.12.2020**	**31.12.2020**
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
Interest-bearing loans and borrowings:	104 606	104 606	86 066	86 066
Floating rate borrowings				
Fixed rate borrowings				
Embedded derivatives	-	-	439 778	439 778
Leasing liability (note 22)	99 769	99 769	76 724	76 724
Total	**204 375**	**204 375**	**602 567**	**602 567**

Fair Value measurement convertible loan	**31.12.2021**
Balance sheet as at 01.01.2021	-439 778
Gains and losses recognised in the current Income Statement	205 302
Exchange rate effect on fair value	847
Purchase, sale, issue and settlement	233 629
Amounts transferred to and from level 3	-
Unrealised profit (loss) recognised in other comprehensive income (OCI)	-
Balance sheet as at 31.12.2021	**0**

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

Pledged assets

	2021	2020
Carrying amount secured debt		
Secured long-term debt	84 358	77 475
Secured short-term debt	17 848	6 191
Total	**102 206**	**83 666**

Book value of pledged assets		
Inventory	5 783	3 218
Receivables	839	276
Fixed assets	135 427	122 838
Total	**142 049**	**126 332**

The Group 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 1.05 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 loan 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 subsidiaries in Denmark and UK.

Net foreign currency losses totalled NOK 2.9 million in 2021 (2020: NOK 2.4 million). The currency translation difference in equity as at 31 December 2021 was a net profit of NOK 2.2 million (2020: NOK 1.3 million).

When the Skive plant under construction is operational in 2022 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 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 2021 the Group had NOK 285 million in liquid reserves.

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

Note 17 Other current receivables

	2021	2020
Trade receivables	18 120	3 359
Provision for expected losses	-	-
Net trade receivables	**18 120**	**3 359**
Prepayments	2 881	2 965
Public duties and taxes receivable	15 484	7 145
Other	3 030	8
Total other receivables	**21 395**	**10 118**
Total current receivables	**39 515**	**13 477**

Note 18 Cash and cash equivalents

	2021	2020
Cash and bank deposits	281 518	690 314
Restricted cash	3 385	1 909
Total	**284 903**	**692 223**

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

Cash and cash equivalents per currency

	2021	2020
NOK	252 410	684 701
DKK	30 940	7 342
USD	6	19
EUR	269	16
SEK	1 279	145
Total	**284 903**	**692 223**

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

Note 19 Share capital and shareholder information

Quantafuel ASA has one class of shares. The total number of shares at year end were 149,015,180 (2020: 135,826,217) with a nominal value of NOK 0.01. The share capital at 31 December 2021 was NOK 1,490,151.80 (2020: NOK 1,358,262.17)

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
31.12.2017	**Total number of shares**		**406 042,60**		**40 604 260**
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
27.11.2020	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
14.01.2021	Purchase 40% Geminor Invest AS	65,2	1 385 462,61	2 720 044	138 546 261
09.03.2021	Exercise of options	4,6/10,90/14,9/18,2/19	1 387 295,93	183 332	138 729 593
11.06.2021	Exercise of options	4,6 / 12,9	1 387 409,26	11 333	138 740 926
05.07.2021	Purchase minority Quantafuel Skive Aps	40.6	1 416 209,26	2 880 000	141 620 926
22.07.2021	Loan conversion	32	1 489 218,47	7 300 921	148 921 847
15.09.2021	Exercise of options	13,5	1 489 485,13	26 666	148 948 513
01.12.2021	Exercise of options	13,5 / 10,9 / 26,29	1 490 151,80	66 667	149 015 180
31.12.2021	**Total number of shares**				**149 015 180**

For 2021 the transaction costs booked towards share premium amounts to NOK 0.25 million (2020: NOK 29.92).

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

28 May 2021: Authorisation to increase the share capital with up to NOK 277,459.18 of which NOK 248,659,18 remains unissued. The authorisation is valid until 30 June 2022. 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.

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

28 May 2021: Authorisation to increase the share capital with up to NOK 75,000.00, of which NOK 73,953.34 remains unissued. The authorisation is valid until 30 June 2022. The authorisation may only be used to establish or implement incentive arrangements for the employees and Board members of the Company or its subsidiaries (750,000 options maximum) that have been approved by the Board

28 May 2021: Authorisation to acquire own shares with an aggregated par value of up to NOK 75,000.00 of which NOK 75,000.00 remains unissued. The authorisation is valid until 30 June 2022. The authorisation may only be used for the purpose of meeting the Company's obligations arising from the Company's share option 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 2021 was 6 044.
The Group’s 20 largest shareholders as at 31 December 2020 is as follows:

Shareholder	**No of shares**	**% of total**
BASF ANTWERPEN N.V.	15 769 561	10,6 %
Danske Bank A/S	14 134 458	9,5 %
CLEARSTREAM BANKING S.A.	11 317 485	7,6 %
Nordnet Bank AB	9 047 437	6,1 %
JPMorgan Chase Bank, N.A., London	6 487 003	4,4 %
Danske Bank A/S	6 274 378	4,2 %
T.D. VEEN AS	4 236 360	2,8 %
PRO AS	4 082 612	2,7 %
BNP Paribas Securities Services	3 033 908	2,0 %
JPMorgan Chase Bank, N.A., London	2 897 932	1,9 %
UBS Switzerland AG	2 716 886	1,8 %
KB MANAGEMENT AS	2 482 771	1,7 %
AS CLIPPER	2 400 000	1,6 %
Nordea Bank Abp	2 041 836	1,4 %
Citibank, N.A.	1 805 617	1,2 %
MØSBU AS	1 783 775	1,2 %
FAREID HOLDING AS	1 576 093	1,1 %
Saxo Bank A/S	1 571 882	1,1 %
MIDAS CAPITAL AS	1 409 660	0,9 %
The Bank of New York Mellon SA/NV	1 318 200	0,9 %
Total 20 largest shareholders	**96 387 854**	**64,7 %**
Other shareholders	52 627 326	35,3 %
Total number of shares	**149 015 180**	**100,0 %**

The Group has not paid any dividends in 2021 or 2020.

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

Shares held by Primary Insiders or their related parties [9]		
Oscar Spieler/SOS Shipping AS	1 613 600	1,1 %
Thorleif Enger/Thoeng AS	139 300	0,1 %
Ann-Christin Andersen/4ADA AS	10 000	0,0 %
Wenche Teigland	1 430	0,0 %
Kasper Trebbien	2 000	0,0 %
Lars Rosenløv	800	0,0 %
Kristian Flaten	5 000	0,0 %
Terje U. Eiken	65 217	0,0 %
Christian Lach	13 500	0,0 %
Total number of shares held by Primary Insiders or related parties	**1 850 847**	**1,2 %**

Note 20 Government grants

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

	BtL
Maximum grant	**13 826**
Received as at 1 January 2018	1 307
Received during 2018	121
Received during 2019	146
Received during 2020	-
Received during 2021	-
Total paid out	**1 575**
Not yet paid out	**12 251**

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 project PtL plant in Oslo was terminated during 2021 and the grants received from Enova of NOK 6.5 million (plus interest) was refunded to Enova.

The Group has received NOK 1.5 million from Handelens Miljøfond relating to plant for fine sorting of plastic in Norway.

In addition, the Group has one project in Quantafuel Kristiansund that have been approved by the Research Council of Norway under the SkatteFunn scheme. In 2021 the Group has received NOK 4.2 million in SkatteFunn (2020: 4.9 million).

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

[9] Please note that some of the Primary Insiders have purchased shares in 2022 and/or subscribed shares in relation with the Private Placement 28 January 2022. This will be described in note 30

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

Note 21 Other current liabilities

	2021	2020
Public duties payable	17 416	37 581
Accrued expenses	40 269	33 913
Total other current liabilities	**57 685**	**71 494**

Other current liabilities by currency:

	2021	2020
NOK	55 555	68 279
DKK	2 013	3 068
EUR	-	-
USD	-	-
SEK	117	42
GBP	-	105
Total other current payables	**57 685**	**71 494**

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.

	2021		2020	
Right of use assets	Property and plant	Total	Property and plant	Total
Balance at 01 January	**71 527**	**71 527**	**44 602**	**44 602**
Depreciations*	-8 840	**-8 840**	-7 734	**-7 734**
Additions	40 850	**40 850**	31 698	**31 698**
Of which lease liability	40 850	**40 850**	31 698	**31 698**
Adjustments	-8 547	**-8 547**	124 204	**124 204**
Of which liability adjustments	-9 664	**-9 664**	124	**124**
Of which gains and losses	1 116	**1 116**	0	**0**
Effects of movements in exchange rates	**-1 851**	**-1 851**	**2 837**	**2 837**
Balance at 31 December	**93 139**	**93 139**	**71 527**	**71 527**

* Depreciation includes depreciation for Quantafuel Kristiansund AS full year 2020, as the depreciation recognised in profit or loss is from the date of control

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

Lease liabilities	**2021**	**2020**
Maturity analysis - contractual undiscounted cash flows		
Less than one year	14 375	11 254
One to five years	57 413	44 866
More than five years	71 112	59 240
Total undiscounted lease liabilities at 31 December	142 901	115 360
Lease liabilities included in the statement of financial position at 31 December	**99 769**	**76 724**
Current	7 555	5 723
Non-current	92 214	71 000

Amounts recognised in profit or loss	**2021**	**2020**
Interest on lease liabilities	6 044	4 829
Depreciation of right-of-use assets	8 840	5 269
Gains (-) and losses (+) due to terminations, purchases, impairments, and other changes	-1 116	-
Variable lease payments not included in the measurement of lease liabilities	-	-

Amounts recognised in the statement of cash flow	**2021**	**2020**
Total cash outflow for leases	12 129	7 671

Other comprehensive income	**2021**	**2020**
Transaction differences on net investment in foreign operations	212	-70

Additional information / sensitivity analysis	**2021**	**2020**
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	-	-
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 %	-4 021	-3 134
Effect on lease liabilities if the discount rate decreases by 1 %	4 326	3 388

Other information	**2021**	**2020**
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	7.48%	7.90%

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

Control of the discounted lease liability	**2021**	**2020**
Total undiscounted lease liabilities at 31 December	142 901	115 360
Lease liabilities included in the statement of financial position at 31 December	99 769	76 724
Difference	43 132	38 637
Control: remaining interest	43 132	38 637

The maturity of lease liabilities is disclosed in note 16.

Note 23 Inventories

	2021	**2020**
Finished goods:	5 783	3 217
At net realisable value	5 783	3 217
At cost	-	-
Total finished goods	**5 783**	**3 217**

Note 24 Earnings per share

The basic earnings per share are calculated as the ratio of the profit for the year that is due to the shareholders of the parent of NOK 4.5 million (2020: loss of NOK 497 million) divided by the weighted average number of ordinary shares outstanding, 140.1 million (2020: 120.2 million).

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 is 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 is calculated as the difference between the reduction in the cost of borrowing and the number of potential shares issued.

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

	2021	2020
Profit (loss) for the year due to holders of ordinary shares		
Profit for the year from continuing operations	-3 883	-496 699
Profit (loss) for the year due to the holders of ordinary shares	**-3 883**	**-496 699**

Diluted profit	**2021**	**2020**
The profit for the year due to the holders of ordinary shares	-3 883	-496 699
The effect of interest on convertible bonds (before tax)	0	13 343
Diluted profit for the year due to the holders of ordinary shares	**-3 883**	**-483 356**

	2021	2020
Average number of shares outstanding (Note 19)	140 138 428	119 792 943
Effect of dilutive potential ordinary shares:		
Convertible bonds	0	749 136
Share options	6 978 669	5 628 334
Diluted average number of shares outstanding	**6 978 669**	**6 377 470**

Note 25 Investment in Associate

On 12 January 2021, Quantafuel ASA acquired 40% of the voting shares in Geminor Invest AS for NOK 168 million. The acquisition was settled in 2,720,044 consideration shares in Quantafuel, plus a cash settlement of NOK 3.8 million to cover transaction costs. Quantafuel ASA obtained an option to acquire the remaining 60%.

Geminor Invest AS is a limited company located in Karmøy, Norway. Geminor Invest AS holds 100% of the shares in Geminor AS, a market leader in waste trading, logistics and sorting.

The associate is recognised using the equity method.

Based on an overall assessment where size and complexity are taken into account Geminor Invest AS is considered to be a significant associate. Further information regarding these companies are disclosed below.

	Geminor Invest AS
Book value 12.1.2021	171 852
Share of profit post-tax 2021	3 954
Depreciation excess value 2021	-
Exhange rate differences	-
Investments/disposals	-
Capital contribution	-
Dividend	4 000
Book value 31.12.2021	**171 806**

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

A summary of the financial information on the individual associated companies, based on 100% figures:

	Geminor Invest AS
Total revenue	1 614 227
Profit from continued operations	9 886
Post-tax profit for discontinued operations	-
Other income and expenses	-
Comprehensive income	9 886
The Groups share of comprehensive income	3 954
Current assets	319 849
Non-current assets	233 631
Current liabilities	291 479
Non-current liabilities	57 054
Equity	165 107
The Groups share of equity	80 778
+excess value and conversion	91 028
= Book value 31.12.2021	**171 806**

Please note that Geminor Invest AS is according to NGAAP. The excess value given includes items converted into IFRS.

Note 26 Segment reporting

Quantafuel develops technology that contributes to solving the global waste problem. The Company has as per 31.12.2021 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 1.6 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 form the Skive Plant for a minimum of 4 years after start-up of the production.

Note 28 Related party disclosures

The Group had a consultancy agreement with a consultancy company owned by the Chairperson of the Board for a monthly remuneration of NOK 175,000 in addition to Board remuneration. This agreement is now terminated. Payment under this agreement amounted to NOK 800,000 during the financial year (2020: NOK 700,000 then Deputy Chair).

"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 2021 in relation to collaboration agreement is EUR 5.3 millon of which BASF covered half, EUR 2.6 million (2020: BASF covered EUR 365,000 of EUR 730,000).

During 2021 the Quantafuel group has received services relating to waste handling and logistics from the Geminor Group amounting to NOK 8.9 million. All transactions have been done at arm lengths.

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 1 January 2022 the Skive Plant was considered completed, and was transferred to Quantafuel Skive Aps. Following the transfer, the plant will be treated according to applicable IFRS accounting rules. A change in valuation and book value may apply.

On 27 January 2022 Quantafuel ASA raised NOK 400,000,000 in a private placement through allocation of 16,000,000 new shares at a share price of NOK 25.00 per share.

The total share capital of Quantafuel following the private placement is NOK 1,650,151.80 divided by 165,015,180 shares, each with a par value of NOK 0.01 .

On 28 January 2022 Thorleif Enger, Board member of Quantafuel ASA, purchased 20,000 shares through Thoeng AS.

On 28 January 2022 Lars Rosenløv Jensen, CEO of Quantafuel ASA, purchased 20,000 shares.

On 5 February 2022 the Skive plant in Denmark experienced a mechanical failure in the burner chamber of one of the production lines. As a safety precaution all production was closed down to allow for root cause to be identified and rectified. There were no personal injuries, neither any hazardous substances released to the environment. Danish authorities have been informed, but do not see a need for their participation.

On 1 March 2022 Thorleif Enger, Board member of Quantafuel ASA, purchased 30,000 shares through Thoeng AS.

On 4 March 2022 Lars Rosenløv Jensen, CEO of Quantafuel ASA, purchased 30,000 shares.

On 24 March 2022 new shares were registered in the Norwegian Register of Business Enterprise. Quantafuel issued 13,333 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 of 14.90 per share.

On 28 March 2022 Quantafuel announced Proof of Concept for its Skive chemical recycling plant after more than seven days of continuous operation at a level corresponding to an annual capacity of 16,000 tonnes of plastic waste infeed.

On 28 March 2022 Terje Eiken, COO of Quantafuel ASA, purchased 10,000 shares.

On 6 April 2022 new shares were registered in the Norwegian Register of Business Enterprise. Quantafuel issued 800,000 shares at NOK 0.01 per share. The issue of shares was related to Quantafuel ASA ("Quantafuel") taking full ownership of UK project developments and was the settlement of the first Tranche of payment.

The total share capital of Quantafuel is NOK 1,658,285.13 divided by 165,828,513 shares, each with a par value of NOK 0.01

Quantafuel ASA

Financial statements

31 December 2021

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

	Note	2021	2020
Operating revenue	2	**12 737**	**21 183**
Share of net income equity-accounted investees		3 954	-
Total revenue		**16 691**	**21 183**
Cost of materials		84 730	134 225
Salaries and personnel costs	3	44 717	66 313
Depreciation and amortisation	7,13	3 422	2 480
Other operating expenses	4	44 587	26 690
Operating profit (loss)		**-160 765**	**-208 524**
Finance income		220 770	4 698
Finance expense		7 966	342 518
Net financial items	5	**212 803**	**-337 820**
Profit (loss) before tax		**52 038**	**-546 344**
Income tax expense	6	-	-
Profit (loss) for the period		**52 038**	**-546 344**

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

	Note	2021	2020
Profit for the period		**52 038**	**-546 334**
Other comprehensive income:			
Translation differences, net			
Total comprehensive profit (loss)		**52 038**	**-546 334**

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

	Note	2020	2020
ASSETS			
Intangible assets	7	32 437	30 436
Property plant and equipment	7	2 856	3 086
Right-of-use asset	13	16 083	12 718
Shares in subsidiaries	8	273 893	16 156
Equity acc. Investees		171 806	-
Other non-current assets		79 929	29 730
Total non-current assets		**577 003**	**143 126**
Accounts receivable	9,10	35 868	14 374
Other receivables	9,10	221 921	122 992
Cash and cash equivalents	11	243 294	682 274
Total current assets		**501 084**	**819 639**
Total assets		**1 078 087**	**962 766**
EQUITY AND LIABILITIES			
Share capital		1 490	1 358
Other paid-in capital		1 906 483	1 373 496
Retained earnings		- 980 455	-1 028 539
Reserve for valuation variations		3 954	
Total equity		**931 472**	**346 315**
Non-current interest bearing liabilities	9	-	439 778
Long-term leasing liability	9,13	14 285	11 411
Total non-current liabilities		**14 285**	**451 189**
Short-term leasing liability	9,13	2 766	1 707
Accounts payable	12	27 468	46 699
Current interest bearing liabilities	9	-	-
Other current liabilities	12,16	102 097	116 856
Total current liabilities		**132 331**	**165 261**
Total equity and liabilities		**1 078 087**	**962 766**

Oslo, 27 April 2022

Thorleif Enger Board member	Ann-Christin Andersen Chairperson of the Board	Maximilian Walter Board member
Wenche Teigland Board member	Berit Koppervik Board member	Majken Margrethe Smith Board member
Kasper Bech Trebbien Board member		Lars Rosenløv Jensen CEO

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

	2021	**2020**
Profit (loss) before tax	**52 038**	**-546 344**
Depreciation and amortisation	3 422	2 480
Taxes paid	-	-
Share-based payment expense	11 404	5 059
Net financial items and equity-accounted investees	-216 757	337 820
Changes in net accounts receivable and payable	-40 725	1 588
Changes in working capital and other accruals	-147 229	-70 420
Net cash flows from operating activities	**-337 847**	**-269 818**
Purchase of property, plant and equipment	-665	-2 137
Capex projects	-50 199	-
Purchase of intangible asset	-2 087	-5 302
Investments	-53 259	-10 000
Dividend	4 000	-
Interest income	1 012	618
Net cash flows from investment activities	**-101 198**	**-16 821**
Capital placement	3 157	826 438
Proceeds from borrowings	-	-
Repayment of borrowings	-	-
Payments of lease liabilities	-3 009	-2 319
Interest expense	-81	-643
Net cash flows from financing activities	**67**	**823 476**
Net change in cash and cash equivalents	**-438 979**	**536 837**
Cash and cash equivalents at beginning of period	**682 274**	**145 437**
Cash at cash equivalents at end of period	**243 294**	**682 274**

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

	Share capital	Share premium	Retained earnings	Total
Equity at 31 December 2019	**112**	**497 874**	**- 482 195**	**15 791**
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
Equity at 31 December 2020	**1 358**	**1 373 496**	**- 1 028 539**	**346 315**
Profit (loss)	-	-	52 038	52 038
Increase in share capital	132	521 582	-	521 714
Currency gain in regards to equity increase	-	-	-	-
Share-based payments	-	11 404	-	11 404
Equity at 31 December 2021	**1 490**	**1 906 483**	**-976 501**	**931 472**

(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 a 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

No changes in accounting policies or amendments to estimates or assumptions have been made in 2021.

For 2020 amendments to estimates were made in connection with the implementation of new calculation systems for options and leasing. The estimate changes were recognised through profit or loss.

Note 2 Revenue from contracts with customers

	2021	2020
Revenue from contracts with customers	10 470	13 565
Other revenue	2 267	7 618
Operating revenue	**12 737**	**21 183**

Revenue from contracts with customers of NOK 10.47 million (2020: NOK 13.56 million) is all related to the Quantafuel Skive project in Denmark.

Other revenue in 2021 consists of NOK 0.7 million relating to the Avfall Norge (Waste Norway) project, NOK 0.44 million for case study and NOK 1.12 million relating to the Grønt Punkt Norge project.

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.

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

Note 3 Salary and personnel costs

	2021	2020
Salaries	57 520	30 136
Pension expenses	2 973	1 126
Social security taxes	10 177	8 115
Share-based payments	11 404	5 059
Accrued social security taxes for share-based payments	-16 908	23 645
Other benefits	3 409	1 825
Salary costs reclassified as project cost	-23 857	-3 593
Total	**44 717**	**66 313**
Average full time equivalent employees	**52**	**28**

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

Note 4 Other operating expenses

	2021	2020
R&D	1 842	1 140
Rent and other office expenses	4 360	2 095
IT and other equipment	1 362	2 015
Travel expenses	20 166	17 374
External services	11 857	1 014
Other	4 999	3 052
Total	**44 587**	**26 690**

Compensation to auditors are as follows:

	2021	2020
Statutory audit fee	487	464
Other assurance engagements	148	179
Tax related services	28	15
Other services	302	71
Total	**965**	**728**

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

Note 5 Financial income and expenses

	2021	2020
Interest income	7 819	3 378
Interest expenses	-1 146	-898
Net foreign currency gains (losses)	900	-4 863
Financial items related to convertible loan	205 302	-334 803
Other	-73	-634
Total	**212 803**	**-337 820**

Note 6 Income taxes

Income tax expense:	**2021**	**2020**
Tax payable	-	-
Changes in deferred tax	-	-
Tax expense	**-**	**-**

Calculation of tax basis	**2021**	**2020**
Pre-tax profit	52 038	-546 344
Permanent differences	59	-29 635
Change in temporary differences	-257 480	384 265
Losses to be carried forward	205 383	191 714
Tax expense	-	-

Temporary differences	**2021**	**2020**
Property, plant and equipment	8 903	5 801
Financial assets and debt	0	-325 259
Construction contracts	-462 181	-391 868
Financial lease	-968	-400
Provisions	-20 703	-20 703
Tax loss carryforwards	-538 729	-333 346
Disallowed interest deductions	-10 863	-10 863
Total temporrary differences	-1 024 541	-1 076 637
Deferred tax benefit (22%)	-225 399	-236 860
Deferred tax benefit not recognised in balance sheet	-225 399	-236 860
Deferrred tax benefit recognised in balance sheet	**0**	**0**

(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
Acquisition cost 1 January 2020	**19 459**	**887**	**20 346**	**2 183**
Additions	10 390	212	10 602	2 137
Disposals			-	
Reclassification			-	
Exchange differences			-	
Acquisition cost 31 December 2020	**29 849**	**1 099**	**30 948**	**4 320**
Acquisition cost 1 January 2021	**29 849**	**1 099**	**30 948**	**4 320**
Additions	1 986	101	2 087	665
Disposals			-	
Reclassification			-	
Exchange differences			-	
Acquisition cost 31 December 2021	**31 835**	**1 200**	**33 035**	**4 985**
Accumulated depreciation 1 January 2020	**-**	**454**	**454**	**642**
Depreciation	-	58	58	592
Disposals			-	
Impairment			-	
Reclassification			-	
Exhange differences			-	
Accumulated depreciation 31 December 2020	**-**	**512**	**512**	**1 234**
Accumulated depreciation 1 January 2021	**-**	**512**	**512**	**1 234**
Depreciation		87	87	896
Disposals			-	
Impairment			-	
Reclassification			-	
Exhange differences			-	
Accumulated depreciation 31 December 2021	**-**	**599**	**599**	**2 130**
Net book value 31 December 2020	**29 849**	**587**	**30 436**	**3 086**
Net book value 31 December 2021	**31 835**	**601**	**32 437**	**2 856**
Useful life	No depreciation	10 years		3-15 years
Depreciation		Straight line		Straight line

The activation of total NOK 19.5 million in Development cost will not be amortised in 2021 as it is costs related to the generic concept. Depreciation will start 2022 when the Skive Plant is considered to be in operation.

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

Note 8 Subsidiaries and joint ventures

Name		Principal activities	Country	2021	2020
Quantefuel Skive ApS	100 % (76%)	Production	Denmark	133 799	16 870
Quantafuel Oslo AS	100 %	Active	Norway	30	30
Quantafuel Sweden AB	100 %	Active	Sweden	249	249
Quantafuel UK Ltd	100 % (50%)	Active	UK	19 404	6
Next Gen Energy S.A. de C.V.	50 %	Dormant	Mexico	-	-
Quantafuel Kristiansund AS	100 %	Production	Norway	103 999	50 000
Quantafuel Cheshire Ltd	100 %	Active	UK	1	-
Quantafuel Sunderland Ltd	100 %	Active	UK	16 001	-
Quantafuel Denmark Aps	100 %	Active	Denmark	136	-
Quantafuel Esbjerg Aps	100 %	Active	Denmark	136	-
Quantafuel Aalborg Aps	100 %	Active	Denmark	136	-
Geminor Invest AS	40 %	Active	Norway	171 806	-
Total carrying amount				**445 699**	**67 155**

Note 9 Financial assets and liabilities

	31.12.2021	31.12.2020
Debt instruments at amortised cost:		
Trade and other receivables	257 789	137 366
Sum financial assets	**257 789**	**137 366**
Total current	**257 789**	**137 366**
Total non-current	**-**	**-**

	Interest rate	Maturity	31.12.2021	31.12.2020
Current interest-bearing liabilities				
Lease liabilities	8.5%		2 766	1 707
Total current			**2 766**	**1 707**
Non-current interestbearing loans:				
BASF liability	19%		-	79 019
BASF conversion right liability	n.a.		-	360 758
Lease liabilities	8.5%		14 285	11 411
Total non-current			**14 285**	**451 189**
Total interest-bearing liabilities			**17 052**	**452 896**

Other financial liabilities at amortised cost:

	31.12.2021	31.12.2020
Trade and other payables	129 564	163 555
Total current	**129 564**	**163 555**
Total non-current	**-**	**-**

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

Maturity Profile

Year ended 31 December 2021	Less than 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
Interest-bearing liabilities (excluding those below)					
Lease liabilities	656	2 110	14 285		17 051
Accounts payable	27 468				27 468
Other current liabilities					-
Total	**28 124**	**2 110**	**14 285**	**-**	**44 519**

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)			439 778		439 778
Lease liabilities	427	1 280	11 411		13 118
Accounts payable	46 699				46 699
Other current liabilities					-
Total	**47 125**	**1 280**	**451 190**	**-**	**499 594**

Fair values

	31.12.2021	31.12.2021	31.12.2020	31.12.2020
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
Interest-bearing loans and borrowings:	-	-	439 778	439 778
Leasing liability (note 13)	17 051	17 051	13 118	13 118
Total	**17 051**	**17 051**	**452 896**	**452 896**

Fair Value measurement	31.12.2021
Balance sheet as at 01.01.2021	-439 778
Gains and losses recognised in the current Income Statement	205 302
Exchange rate effect on fair value	847
Purchase, sale, issue and settlement	233 629
Amounts transferred to and from level 3	
Unrealised profit (loss) recognised in other comprehensive income (OCI)	-
Balance sheet as at 31.12.2021	**-**

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

Note 10: Trade and other receivables

	2021	2020
Trade receivables	35 868	14 374
Provision for expected losses	-	
Net trade receivables	**35 868**	**14 374**

(Trade receivables in 2020 includes intercompany receivables)

	2021	2020
Contract assets		
Other current receivables	221 921	122 992
Total current receivables	**257 789**	**137 366**

Age distribution of trade receivables:

	2021	2020
Trade receivables not due		264
Up to 30 days	5 395	2 826
Between 30 and 90 days		
Above 90 days	30 473	11 284
Total	**35 868**	**14 374**

Trade and other current receivables by currency:

(Amount currency stated in NOK)	2021	2020
NOK	158 856	17 420
SEK	602	-
DKK	5 631	51 880
EUR	17 281	3 083
USD	75 419	64 949
GBP	-	34
Total current receivables	**257 789**	**137 366**

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

Note 11: Cash and cash equivalents

	2021	2020
Cash and bank deposits	240 034	680 463
Restricted cash	3 260	1 811
Total	**243 294**	**682 274**

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

Cash and cash equivalents per currency
(Amount currency stated in NOK)

	2021	2020
NOK	242 970	682 186
DKK	50	53
USD	6	19
EUR	269	16
Total	**243 294**	**682 274**

243 294

Note 12 Trade and other payables

	2021	2020
Accrued commissions	26 692	46 699
Intercompany liabilities	775	1 383
Other current liabilities	102 097	115 473
Total other current liabilities	**129 564**	**163 555**

Other current liabilities by currency:

	2021	2020
NOK	109 372	162 172
DKK	18 003	1 383
EUR	1 860	-
USD	-	-
SEK	294	-
GBP	36	-
Total other current payables	**129 564**	**163 555**

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

Note 13 Leases

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

	2021		2020	
Right of use assets	**Property and plant**	**Total**	**Property and plant**	**Total**
Balance at 01 January	**12 718**	**12 718**	**3 043**	**3 043**
Depreciations*	-2 439	**-2 439**	-1 662	**-1 662**
Additions	0	**0**	11 212	**11 212**
Adjustments	5 805	**5 805**	124 204	**124 204**
Of which liability adjustments	5 805	**5 805**	124	**124**
Balance at 31 December	**16 083**	**16 083**	**12 718**	**12 718**

Lease liabilities	**2021**	**2020**
Maturity analysis - contractual undiscounted cash flows		
Less than one year	4 002	2 678
One to five years	16 009	10 714
More than five years	667	3 125
Total undiscounted lease liabilities at 31 December	20 678	16 517
Lease liabilities included in the statement of financial position at 31 December	**17 051**	**13 118**
Current	2 776	1 707
Non-current	14 285	11 411

Amounts recognised in profit or loss	**2021**	**2020**
Interest on lease liabilities	1 138	879
Depreciation of right-of-use assets	2 439	1 814
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	**2021**	**2020**
Total cash outflow for leases	3 009	2 319

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

Additional information / sensitivity analysis	**2021**	**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 %	-351	- 320
Effect on lease liabilities if the discount rate decreases by 1 %	365	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	**2021**	**2020**
Total undiscounted lease liabilities at 31 December	20 678	16 517
Lease liabilities included in the statement of financial position at 31 December	17 051	13 118
Difference	3 627	3 399
Control: remaining interest	3 627	3 399

Note 14 Related party disclosures

Under an agreement with its fully 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 second quarter of 2022.

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

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 until and including 2023.

Note 16 Contract liabilities

Contract liability relates to consideration received in advance of performance under revenue contracts with customers, here the Skive Plant. Revenue and relating cost is recognised as Quantafuel ASA fulfil its performance obligation under the contract.

As the contract revenue Is set at a fixed price, USD 12 million, the costs relating to the completion of the plant has been recognised when occurred through P&L. The revenue relating to the costs has been recognised as a percentage of total costs when they occur.

USD 3 million has been advanced, and the remaining USD 9 million will be settled at hand-over.

The amount of cost and revenue recognised in the period due to fulfilment of performance obligation is presented in the table below:

	2021	2020
Changes in contract revenue related to performance obligations		
Previously booked revenue	101 871	104 101
New revenue booked	-	-
Currency exchange	1 691	- 2 229
Total revenue contract	103 562	101 872
Performance revenue satisfied in the period	10 470	13 565
Performance revenue satisfied in previous periods	90 027	76 462
Total	100 497	90 027
Revenue yet to be booked	3 066	11 845

	2021	2020
Changes in contract liabilities related to performance obligations		
Amounts included in contract liabilities at the beginning of the year	545 296	434 275
New contract liabilities - Extra loss for the period	39 000	111 021
Total cost of the plant	584 296	545 296
Performance obligations satisfied in the period	85 105	162 920
Performance obligations satisfied in previous periods	481 894	318 974
Total	566 999	481 894
Costs remaining for the Skive Plant	17 297	63 402

Note 17 Subsequent events

On 1 January 2022 the Skive plant was handed to operation and delivered to Quantafuel Skive Aps.

On 1 January 2022 an internal loan to Quantafuel Skive Aps, recognised in the statement of financial position as other receivables, was converted into equity. This amounts to NOK 99.4 million.

On 27 January 2022 Quantafuel ASA raised NOK 400,000,000 in a private placement through allocation of 16,000,000 new shares at a share price of NOK 25.00 per share. The total share capital of Quantafuel following the private placement is NOK 1,650,151.80 divided by 165,015,180 shares, each with a par value of NOK 0.01 .

On 28 January 2022 Thorleif Enger, Board member of Quantafuel ASA, purchased 20,000 shares through Thoeng AS.

On 28 January 2022 Lars Rosenløv Jensen, CEO of Quantafuel ASA, purchased 20,000 shares.

On 5 February 2022 the Skive plant in Denmark experienced a mechanical failure in the burner chamber of one of the production lines. As a safety precaution all production was closed down to allow for root cause to be identified and rectified. There were no personal injuries, neither any hazardous substances released to the environment. Danish authorities have been informed, but do not see a need for their participation.

On 1 March 2022 Thorleif Enger, Board member of Quantafuel ASA, purchased 30,000 shares through Thoeng AS.

On 4 March 2022 Lars Rosenløv Jensen, CEO of Quantafuel ASA, purchased 30,000 shares.

On 24 March 2022 new shares were registered in the Norwegian Register of Business Enterprise. Quantafuel issued 13,333 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 of 14.90 per share.

The total share capital of Quantafuel is NOK 1,650,285.13 divided by 165,028,513 shares, each with a par value of NOK 0.01

On 28 March 2022 Quantafuel announced Proof of Concept for its Skive chemical recycling plant after more than seven days of continuous operation at a level corresponding to an annual capacity of 16,000 tonnes of plastic waste infeed.

On 28 March 2022 Terje Eiken, COO of Quantafuel ASA, purchased 10,000 shares.

Quantafuel ASA

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

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To the General Meeting of Quantafuel ASA

Independent Auditor's Report

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 profit of NOK 52 038 000, which comprise the balance sheet as at 31 December 2021, 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 3 883 000, which comprise the balance sheet as at 31 December 2021, the income statement, 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 comply with applicable statutory requirements,

- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, 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, and

- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, 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 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 the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view 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 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.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to https://revisorforeningen.no/revisjonsberetninger

Oslo, 27 April 2022
RSM Norge AS

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

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo™ - sikker digital signatur". De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Lars Løyning
Statsautorisert revisor
På vegne av: RSM Norge AS
Serienummer: 9578-5999-4-1140989
IP: 188.95.xxx.xxx
2022-04-27 16:10:40 UTC

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