

Quantafuel ASA

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Second Quarter 2022

Consolidated financial statements

Quantafuel ASA



Second quarter report for 2022: Quantafuel begins the roll-out of second-generation Plastics-to-Liquid (PtL) plants

- FEED agreement for PtL plant in Dubai signed with DUBAL Holding and BASF
- Quantafuel adds global licensing business model via Saipem cooperation
- Joint venture and financing for Esbjerg sorting plant signed with Eurazeo
- Three production lines operational in Skive
- Forecast positive cash flow from plants by year-end

The demand for materially recycled, high-quality products is practically unlimited and Quantafuel is well positioned to capitalise on these opportunities. The Skive Plastic-to-Liquid (PtL) plant has demonstrated that Quantafuel's upcycling technology is ready for large-scale global implementation. We are therefore confidently moving forward into the next phase of our strategy along with our strong and long-standing partners who fully understand and support our technology. This move is made possible by the second-generation (Mk II) process built on all learnings from Skive combined with the long experience of our strategic partners.

The second quarter has been characterised by several important achievements for Quantafuel:

A major milestone for Quantafuel was the initiation of a front-end engineering design (FEED) for developing a PtL plant in Dubai in cooperation with DUBAL Holding and BASF, leading to our Dubai project taking pole position in Quantafuel's PtL portfolio.

We recently announced the agreement on principles with engineering- and construction contractor Saipem, making public our arrangement with them to globally market PtL plants under Quantafuel's technology license, adding a new dimension to Quantafuel's business model.

At Skive, we continue reaching milestones; Two lines achieved 30 days of continuous operation at the start of the quarter, while the third production line was completed in the end of June. The plant is moving steadily towards completion of the fourth and final line. The third production line is the first heated with gas produced in the pyrolysis process, providing significant cost savings compared to use of natural gas.

Quantafuel has also realised an important step in its growth strategy by entering a joint venture with investment fund Eurazeo for our sorting facility in Esbjerg, Denmark, a game-changer for the plastic waste market in Denmark, and a prerequisite for the co-located large-scale PtL plant Quantafuel is planning as a next strategic step in Esbjerg.

The commitment shown by our key partners during the past quarter illustrates their support and confidence in Quantafuel becoming a frontrunner in the plastic recycling industry.

Health, Safety & Environment

Quantafuel has an objective of zero harm to people, the environment, as well as assets. HSE is a non-negotiable priority in Quantafuel's operations.

During Q2, we recorded zero Lost Time Injuries (LTI), neither any accidental releases to the environment.

The company remains committed to ensuring a safe working environment and excellent HSE performance.

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

Quantafuel second-generation plants (Mk II)

Skive has been instrumental for where Quantafuel stands today. This journey has required multiple process modifications and rebuilds, as well as numerous invaluable lessons learned on the way. Our second-generation plants (Mk II) are based on Skive key principles and learnings, and the FEED study in Dubai is expected to result in the first Mk II plant that will be built at a scale of 80,000 tons of waste plastics feed. While Mk II is based on the Skive process, it is also different in many ways. Key learnings from Skive drive improvements in three core areas:

- Simplification
- Redundancy
- Operability

These improvements will result in plants more reliable and cost-effective to build and operate. We are confident that the issues we see in Skive today will be solved in our second-generation plants. This is also the view that is shared by our industrial partners and confirmed by thorough technical due diligence processes performed by international majors.

Project pipeline

As a result of focused and diligent work over the past years, Quantafuel is able to offer a compelling value proposition to parties interested in building a circular plastic economy. This past quarter, a few of these prospects have matured to the stage where we are confident to go public. In addition, we are continuing to see interest in projects with Quantafuel from large and small players along the value chain.

In August, Quantafuel announced the start of the front-end engineering design stage (FEED) for developing a PtL plant in Dubai in cooperation with DUBAL Holding and BASF. This has led to Quantafuel's Dubai project taking the pole position in our PtL portfolio. The FEED for the development of the 80,000 tons per year plant will be done in 2022, with the potential final investment decision scheduled for early 2023. The partners have agreed to cooperate and share the cost for the FEED development of the plant based on the learnings from and optimisation of the Skive plant.

Quantafuel also announced an agreement with Saipem in August. The agreement allows Saipem to globally market PtL plants under Quantafuel's technology license, making Saipem Quantafuel's preferred EPC (engineering- procurement and construction) partner. In addition, Saipem will render services such as smart operation and maintenance, as well as provide joint performance guarantees for the plants.

With Saipem as our preferred partner, potential customers can engage with a supplier who is more than capable of providing them with a solution that will meet performance promises while Quantafuel will support Saipem with our expertise as well as that of our network. We believe that this is the most compelling value proposition available in the industry today. Quantafuel's core strategy remains building, owning and operating PtL plants and the agreement with Saipem will provide even more flexibility and speed creating additional income streams over time.

We are also making progress in the UK. The planning application was submitted in June for Quantafuel's PtL plant in Sunderland. Earlier this spring, Quantafuel officially signed the

option agreement on the proposed site, with Sunderland City Council officially agreeing to give Quantafuel the first option to develop the land. In the UK we are continuing our assessment of three additional sites forming a UK PtL portfolio as we experience strong governmental/tax support to our activities in a country where feedstock is readily available.

Skive plant - Operational and technology update

Since converting its first post-consumer plastics into high value pyrolysis oil in September 2020, Quantafuel has taken significant steps forward and acquired valuable learnings through its Skive operations. We started the second quarter by running two operating lines for 30 consecutive days and during the quarter, Skive has processed 724 tonnes of plastics, compared to 648 tonnes in the first quarter. In parallel, line 3 modifications were completed, enabling operation of the line with use of self-generated gas for reactor heating from the end of June. During a planned maintenance stop in September, necessary equipment will be installed for heating all four reactors with self-produced gas. With the current highly volatile and pricey European gas market, this is an important contribution to our plant economics.

As reported in our press release dated 5th July 2022, operation has faced increased operational cost and lower margins. Key contracts have already been addressed, improving the operational margin. In addition, our focus is on the following key cost drivers:

Minimise disposal cost of produced water and ash: The plastic feedstock contains at least 5% water and impurities that cannot be converted into useable hydrocarbons. The water is collected at the end of the process and since it is polluted, disposal is associated with a certain cost. The same applies to the ash from the reactors. Ongoing initiatives are expected to considerably reduce associated cost.

Securing feedstock volume with appropriate quality at reasonable cost: We have a high focus on feedstock and during the second quarter we ran more difficult waste plastic fractions with higher biomass content with positive results. At our R&D lab in Malmö, Sweden, we have established a feedstock qualification programme where potential suppliers can verify their feedstock in close cooperation with our researchers. After a peak in recycling plastic prices in the second quarter, the market prices are normalising, and in close co-operation with Geminor we are now establishing a supply chain portfolio securing appropriate quality and volume at a favorable cost level, bringing the resulting operational cost in line with targets.

Optimise use of energy by replacing natural gas with self-produced gas: Yet another achievement for the Skive plant, is the use of self-produced gas in the pyrolysis process on one line. The remaining three lines will be upgraded this autumn. Based on the current natural gas market prices, the monthly saving per production line is substantial.

Skive's valuable learnings are incorporated in the Mk II design. Learnings, testing and development are given higher priority than production volumes, and as a consequence, we have removed the guiding for 2022.

Kristiansund plant

Demand and price level for mechanically recycled hard plastics continue on a favourable level.

Limitation in available feedstock has restricted the full utilisation of the plant and we are pleased to see that a month-to-month steadily increase will soon bring us into a positive operational cashflow.

The previously reported expansion of the sorting facilities is temporarily postponed to prevent over-capacity during feedstock ramp-up.

Esbjerg project

Quantafuel made another key step in its growth plans in May, when we announced a joint venture with global investment company Eurazeo, whose goal is to invest responsibly and laying the foundation for a sustainable future.

A game-changer for the plastic waste market in Denmark, the sorting facility is expected to be commissioned at the end of 2023 and thereby to notably contribute to the EU and Denmark's recycling targets. With over 50% of Danish plastic waste currently sent to incineration, the plant will contribute significantly to reducing CO2 emissions.

We are progressing well on the project; all major suppliers are engaged, and the first machines are already at site preparing the land. This project will be a key contributor to meet the high recycling ambitions in Denmark, and we are able to do this in a sustainable manner with strong support from the local community and the municipality of Esbjerg. When operational, the facility will employ close to 50 full-time employees and be capable of sorting up to 160,000 tonnes of mixed plastic waste annually into recyclable fractions.

The next phase of the Esbjerg project will include a large-scale PtL plant based on Quantafuel's technology, with significant volumes of waste plastics feedstock sourced from the sorting facility.

In July, Quantafuel announced that the financing process had been successfully completed. Quantafuel ASA, through Quantafuel Denmark ApS, sold 50% of the shares in Quantafuel Esbjerg ApS (now: Resource Denmark ApS) to Eurazeo. Eurazeo has committed a total of EUR 40 million to the project.

With regards to the Aalborg facility, Quantafuel has re-evaluated the plans and returns. We have decided to develop Aalborg as a logistics hub rather than a temporary sorting plant.

Market development

The macroeconomic trend remains supportive for Quantafuel's growth plans and valuation. Industrial and retail demand for recycled products is strong, with higher prices seen for both recycled liquid products and recycled plastics. Although not directly comparable, prices for bio-based oils have been very strong over the past months. The underlying strong market for crude oil is also driving prices for green and recycled liquid products.

On the other hand, the war in Ukraine has led to unprecedented increases in feedstock cost as well as gas and electricity. In fact, the demand for plastics to go into incineration has increased so strongly that fractions that provided income for Quantafuel prior to the crisis now have to be paid for. We believe that, eventually, the commitments to reduce greenhouse gas emissions will be enforced and bring us back to the past situation.

This strong development of the secondary plastics market confirms Quantafuel's strategy of building a presence along the value chain that allows us to profit from strong demand across different product lines and qualities.

Nevertheless, the current situation has affected Quantafuel's profitability in Skive in Q1 and Q2. Our efforts to counter cost increases along with the general drive to lower cost in Skive will continue and begin to show positive effects in Q3.

Corporate Social Responsibility – Contributing towards a sustainable future

With a fully certified value chain, and a technology enabling more plastic waste to stay in a circular process, Quantafuel is well positioned as a key recycling partner.

We have established the following sustainability priorities through dialogue with key stakeholders:

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

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

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

Transparency: The Quantafuel approach improves transparency in the waste sector. Environmental certification guarantees that the origin of the waste is known and yield to material recycled product is properly documented. We are also working on developing live reporting of sustainability metrics from our facilities.

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.

In Q2 we have developed a sustainability declaration documenting recycled amount of feedstock, the degree of material recycling achieved, and the resulting reduction in CO2-equivalent emissions. By offering consistent and verifiable documentation to our clients, Quantafuel establishes its position as a transparency leader in the plastic recycling sector.

A Life Cycle Analysis for chemical recycling in Skive is in the final stages before publication. Preliminary results show a substantial CO2 benefit compared to incineration, which is the default option for a large share of plastic packaging waste.

To gain further knowledge on how to maximize yield and product quality, Quantafuel and BASF have engaged Norwaste to conduct a major waste analysis based on 4,000 tonnes of mixed plastic waste from Norway. The study is being finalized and has already provided key insights which will allow Quantafuel to improve feedstock sourcing and sorting.

Sustainability is core to our business, so we were grateful to be acknowledged for our work in May, when we were awarded The Danish Plastics Federation's annual Plastic Award 2022 ("Plastprisen 2022"). We were nominated by our strategic partner BASF, whose Managing Director and Vice President in the Nordics and Baltics, Mark Meier, stated: "The development of new technology for the recycling of plastic is complex, but crucial to achieve Denmark's ambitious goal of recycling 60% of all collected plastic waste by 2030. We

believe chemical recycling complements mechanical recycling, as the two approaches together can increase the total amount of recycled plastic and bring us closer to this goal.”

R&D and technology

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, and up to light fraction suitable for sensitive downstream use.

Organisation

The total number of employees at the end of the second quarter was 103.

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.

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.

Finance

Quantafuel expects positive operational cashflow from the plants in Skive and Kristiansund by year-end 2022.

Demand for recycled products is strong, and we are experiencing high interest for our technology offerings, future plants, and recycled products. Higher market prices are expected to offset a higher cost picture, and we maintain our annual EBITDA estimate of USD 50 million on 100% basis for a 100,000 ton per year plant. We pursue continued growth through joint ventures and plant ownership in selected markets, as well as global licensing of technology.

The Skive project has total full capex of NOK 620 million. A significant part of Skive's costs relates to the development cost of Quantafuel's Intellectual Property. Booking the relevant intangible assets requires meeting a set of accounting criteria.

Following Proof of Concept for the Skive plant, announced on 28 March 2022, Quantafuel Skive has been subject to a number of technical reviews and commercial invitations for the use of Quantafuel's technology.

Examples of such documents and invitations are i) a project assessment by one of the world's leading energy consultants, ii) an invitation to tender for an industrial scale test at a large refinery, and iii) a technical due diligence study by one of the world's leading EPC contractors.

On 29 August 2022, Saipem and Quantafuel announced a Memorandum of Understanding (MoU) to collaborate in the industrialisation and construction of waste plastics chemical recycling plants based on Quantafuel technology. The MoU adds licensing business to Quantafuel's existing business plan of building, owning and operating pyrolysis plants, creating additional opportunities to commercialise Quantafuel's technology.

The Skive process has reached its current capabilities due to a number of innovative improvements. Based on the above license agreement for Quantafuel's technology, further supported by the external technical assessments and studies, Quantafuel has reclassified NOK 163.6 million related to these developments from Property Plant and Equipment (PPE) to other intangible assets as per 30.06.22. Quantafuel has documented these costs as relevant for group technology development and finds that the future value of the intangible asset is confirmed through the above listed documentation and licensing MOU with Saipem. The PPE value of Skive is NOK 447.7 million as per 30.06.22.

Quantafuel has conducted an impairment test of the Skive plant. Key input for the valuation is Management's base case for the gradual improvement of the Skive plant economics reaching annual free cash flow of approximately NOK 70 million from 2025, with a weighted average cost of capital (WACC) of 9.4%.

The assumptions for cash flow from the Skive plant are associated with risk, as also notified in a separate stock market notice on 5 July 2022. Key risks to the valuation of Skive are the long term offtake price, availability and cost of relevant feedstock, production yield and general uptime and utilization of the plant.

Per 30 June 2022, Quantafuel ASA had a cash position of NOK 468.3 million.

On 27 January 2022, Quantafuel completed a private placement of NOK 400 million.

On 12 July 2022, Quantafuel signed a EUR 40 million Eurazeo financing and JV, completing the project financing of the Esbjerg sorting plant.

Growth strategy and outlook

Day by day we are proving that we are in a good position to build a circular economy for plastics in Europe and beyond. The achievements reached the past quarter position us as a frontrunner and we have strong industrial and financial partners keen to take the next step with us.

In relation to Quantafuel's strategy of now entering into a roll-out phase, Quantafuel will engage financial advisor(s) to assist in a strategic review to evaluate and execute on the best financing options for the company. With the current and increasing pipeline of projects, Quantafuel will assess financing both on group and project level for the Mk II roll-out, as well as for general corporate purposes.

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.

Financial review

Income statement

Quantafuel Financial Highlights	Q2 2022	Q2 2021	First half year 2022	First half year 2021	Audited Full year 2021
	Group	Group	Group	Group	Group
Unaudited figures in NOK if not stated otherwise					
Operating revenue	6 429	479	16 678	2 250	5 161
Total Income	5 439	3 395	18 253	6 834	9 115
EBITDA	-71 706	-28 728	-124 037	-59 214	-166 824
Profit (loss)	-69 809	-9 228	-140 531	103 869	-3 883
Total assets	1 720 273	1 550 284	1 720 273	1 550 284	1 500 171
Cash & Cash equivalents	468 316	494 967	468 316	494 967	284 903

Operating revenue of NOK 6.4 million in Q2 2022 includes revenue from our plants in Skive (NOK 2.2 million) and Kristiansund (NOK 3.9 million) and Pilot Project in ASA (NOK 0.3 million).

For the first half year 2022 operating revenue of NOK 16.7 million consists of NOK 4.6 million relating to operation of Skive Plant, and NOK 6.8 million relating to operation of Kristiansund Plant. NOK 5.2 million relates to various projects in Quantafuel ASA. Reference is also made to the Skive operational results as included with the financial review of the financial position.

Included in total income is the Group's share of net loss in Geminor Invest AS, adjusted for IFRS elements, NOK -1 million for Q2 2022, which is included in the Group accounts as an equity-accounted investee. For the first half year 2022, the Group's share of net profit was NOK 1.6 million.

EBITDA in Q2 2022 was NOK -71.7 million compared to NOK -28.7 million same period in 2021. For the first half year 2022 EBITDA was NOK -124.0 million, comparing to NOK -59.2 million same period last year. Salary costs in Q2 2022 was NOK 23.1 million and NOK 46.4 million for the first half year 2022, compared to NOK 11.8 million in Q2 2021 and NOK 21.2 million for the first half year 2021. For 2022 the number of employees is higher than 2021.

Other operating expenses in Q2 2022 was NOK 26.7 million compared to NOK 11.1 million in Q2 2021. For the first half year 2022 other operating expensed was NOK 44.6 million compared to NOK 30.8 million for the first half year 2021.

Loss for the period Q2 2022 was NOK 69.8 million.¹

Loss for the first half year 2022 was NOK 140.5 million

¹ The Profit (loss) consists of EBITDA, depreciation, net financial items, and taxes.

Statement of Financial position

Quantafuel Balance sheet	Audited		
	At 30 June 2022	At 30 June 2021	At 31 Dec 2021
Unaudited figures in NOK if not stated otherwise	Group	Group	Group
Total non-current assets	1 209 816	1 023 556	1 151 653
Total current assets	510 457	526 728	348 519
Total assets	1 720 273	1 550 284	1 500 171
Total equity	1 319 206	933 071	1 068 479
Total non-current liabilities	304 686	519 275	303 711
Total current liabilities	96 381	97 938	127 981
Total equity and liabilities	1 720 273	1 550 284	1 500 171

As per 30 June 2022 the Group's equity was NOK 1,319.2 million. Cash and cash equivalents were NOK 468.3 million, of which NOK 2.1 million was restricted cash (employee tax advance account).

Total non-current assets at the end of the quarter were NOK 1,209.8 million due to an increase related to the Skive plant, Kristiansund plant, Esbjerg Sorting plant and costs for concept development.

Non-current assets related to the Skive plant at the end of the quarter were split in NOK 163.6 million for intangible assets and NOK 447.7 million for Plant Property and Equipment.

Skive operation

(Amounts in NOK thousands)

	Q1 2022	Q2 2022	First half year 2022
Revenue	2 427	2 195	4 622
Cost	25 104	27 758	52 862
EBITDA	-22 677	-25 563	-48 240
Depreciation	1 655	1 483	3 138
EBIT	-24 332	-27 046	-51 378

Group value Skive plant

	31.12.2022	30.06.2022
Intangible Assets	-	163 624
PPE *	604 885	447 721

* Please refer to note 2

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

		Q2 2022 Group	Q2 2021 Group	First half year 2022 Group	First half year 2021 Group	Full year 2021 Group
		Unaudited	Unaudited			Audited
Operating revenue		6 429	479	16 678	2 250	5 161
Share of net income in equity-accounted investees		-989	2 916	1 576	4 584	3 954
Cost of goods sold		27 298	9 171	51 314	14 106	55 854
Salaries and personnel costs	4	23 106	11 868	46 398	21 186	67 133
Depreciation and amortisation	2	9 147	3 267	22 910	6 581	20 061
Other operating expenses		26 741	11 085	44 578	30 757	52 951
Operating profit (loss)		-80 852	-31 995	-146 946	-65 795	-186 885
Finance income		16 137	-313	16 151	843	1 012
Finance expense		4 446	2 949	7 878	5 851	12 911
Finance items convertible loan		-	26 190	-	178 548	205 302
Net financial items	3	11 690	22 928	8 272	173 540	193 403
Profit (loss) before tax		-69 162	-9 067	-138 674	107 745	6 518
Income tax expense		647	161	1 857	3 876	10 401
Profit (loss) for the period		-69 809	-9 228	-140 531	103 869	-3 883
Attributable to:						
Equity holders of the parent		-69 809	-9 035	-140 531	104 171	-3 883
Non-controlling interest	6	-	-193	-	-302	-
Earnings per share, ordinary		-0.4	-0.1	-0.9	0.8	-0.0
Earnings per share, diluted		-0.4	-0.0	-0.9	0.8	-0.0

QUANTAFUEL ASA
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
1 JANUARY - 30 JUNE

(Amounts in NOK thousands)

	Note	Q2 2022 Group	Q2 2021 Group	First half year 2022 Group	First half year 2021 Group	Full year 2021 Group
Profit for the period		-69 809	-9 228	-140 531	103 869	-3 883
Items that may be reclassified to profit (loss)						
Translation differences, net		76	-621	-1 026	-65	2 184
Total comprehensive profit (loss)		-69 733	-9 849	-141 557	103 804	-1 699
Attributable to:						
Equity holders of the parent		-69 733	-9 656	-141 557	104 106	-1 699
Non-controlling interest		-	-193	-	-302	-

QUANTAFUEL ASA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2022

(Amounts in NOK thousands)

	Note	At 30 June 2022 Group	At 30 June 2021 Group	At 31 December 2021 Group Audited
ASSETS				
Deferred tax asset		22 060	12 895	21 300
Goodwill		54 085	54 085	54 085
Other intangible assets		195 622	32 534	32 537
Property plant and equipment	2	638 692	673 502	771 134
Right-of-use asset		98 402	66 368	93 139
Equity-accounted investment	6	173 381	176 436	171 806
Investment in associated company		-	0	-
Other non-current assets		27 573	7 736	7 652
Total non-current assets		1 209 816	1 023 556	1 151 653
Inventory		4 811	4 103	5 783
Accounts receivable		9 158	403	18 120
Other receivables		9 854	27 254	21 395
Assets held for sale		18 318	-	18 318
Cash and cash equivalents		468 316	494 967	284 903
Total current assets		510 457	526 728	348 519
Total assets		1 720 273	1 550 284	1 500 171
EQUITY AND LIABILITIES				
Share capital		1 658	1 387	1 490
Other paid-in capital		2 298 599	1 665 675	1 906 483
Retained earnings		-981 052	-733 619	-839 493
Equity attributable to the owners of the parent		1 319 206	933 444	1 068 479
Non-controlling interests		-	-373	-
Total equity		1 319 206	933 071	1 068 479
Deferred tax liabilities		126 597	109 891	124 740
Non-current interest bearing liabilities	3	80 728	333 544	86 757
Long-term leasing liability	3	97 361	66 796	92 214
Other non-current liabilities		-	9 044	-
Total non-current liabilities		304 686	519 275	303 711
Current interest bearing liabilities	3	18 212	6 019	17 848
Tax payable		445	-	450
Short-term leasing liability	3	9 429	5 859	7 555
Accounts payable		47 903	36 545	44 442
Other current liabilities		20 391	49 515	57 685
Total current liabilities		96 381	97 938	127 981
Total equity and liabilities		1 720 273	1 550 284	1 500 171

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

	Q2 2022	Q2 2021	First half year 2022	First half year 2021	Full year 2021
	Group	Group	Group	Group	Group
Profit (loss) for the period, before tax	-69 162	-9 067	-138 674	107 745	6 518
Depreciation and amortisation	9 147	3 267	22 910	6 581	20 061
Income taxes paid	-	-	-	-	-
Share-based payment expense	2 599	2 990	5 242	5 387	11 404
Financial items	8 619	-25 844	9 472	-178 125	-197 357
Increase/(decrease) in inventory	-151	-661	972	-886	-2 565
Increase/(decrease) in net accounts receivable and payable	29 649	19 712	12 423	-14 436	-24 256
Increase/(decrease) in net other receivables and other payables	-22 052	-30 408	-23 417	-37 642	-24 351
Cash flows from operating activities	-41 352	-40 012	-111 073	-111 376	-210 547
Purchase of property, plant and equipment	-35 908	-34 679	-47 643	-67 323	-194 173
Purchase of intangible asset	454	-1 986	-	-1 986	-2 087
Purchase of shares	-	-409	-5 000	-5 928	-4 260
Dividend	-	-	-	-	4 000
Increase/(decrease) in other non-current assets	-19 726	-14	-19 762	-14	-14
Interest income received	-	-	-	-	1 012
Cash flows from investment activities	-55 180	-37 088	-72 405	-75 251	-195 523
Proceeds from issue of shares	-	71	387 048	1 893	3 157
Proceeds from borrowings	-4 465	-1 456	-7 843	-4 258	12 830
Payment of lease liabilities	-5 392	-2 750	-8 207	-5 540	-12 129
Interest expenses paid	-2 773	-1 395	-4 108	-2 724	-5 108
Cash flows from financing activities	-12 629	-5 530	366 891	-10 629	-1 250
Net change in cash and cash equivalents	-109 161	-82 630	183 413	-197 256	-407 320
Cash and cash equivalents at beginning of period	577 477	577 597	284 903	692 223	692 223
Cash at cash equivalents at end of period Group	468 316	494 967	468 316	494 967	284 903

QUANTAFUEL ASA
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
1 JANUARY - 30 JUNE

(Amounts in NOK thousands)

	Share capital	Share premium	Retained earnings	Total	Non-controlling interests	Total equity
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
	-	-	-	-	-	-
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	-839 493	1 068 479	-	1 068 479
Profit (loss)	-	-	-140 531	-140 531	-	-140 531
Change in NCI share of plant excess value	-	-	-	-	-	-
Total comprehensive income	-	-	-140 531	-140 531	-	-140 531
Translation differences, net	-	-	-1 026	-1 026	-	-1 026
Total OCI	-	-	-141 557	-141 557	-	-141 557
Increase in share capital	168	386 874	-	387 043	-	387 043
Equity effect of aquisition minority shareholders	-	-	-	-	-	-
Other changes Equity	-	-	-	-	-	-
Share-based payments	-	5 242	-	5 242	-	5 242
Equity at 30 June 2022	1 658	2 298 599	-981 052	1 319 206	-	1 319 206

Notes to the interim condensed consolidated financial statements

Note 1 Corporate information and basis for preparation

Corporate information

The interim condensed consolidated financial statements ('the Statements') of Quantafuel ASA and its subsidiaries ('the Group') for the period ended 30 June 2022 were authorised for issue by the Board of directors on 30 August 2022.

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

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

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

Basis of preparation

The Statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The statements do not include all the information and disclosures required in the annual financial statements and should be read together with the Group's annual consolidated financial statements as of 31 December 2021.

The accounting policies used in preparation of the Statements are consistent with those used for preparation of the Group's annual financial statements for 2021.

Note 2 Property, Plant and Equipment

	Property and plant	Machinery and equipment	Assets under construction	Total
Period ended 31 December 2019		3 545	355 202	358 748
Additions		61 375	196 102	257 477
Depreciation		5 305	-	5 305
Exchange differences		-	-	-
Net book value at 31 December 2020		59 615	551 304	610 919
 Period ended 31 December 2020		 59 615	 551 304	 610 919
Additions		49 255	147 931	197 185
Reclassification held for sale		-18 318	-	-18 318
Disposals		2 333		2 333
Derecognition		-	2 329	2 329
Depreciation		7 964	3 015	10 979
Exchange differences		-	-3 011	-3 011
Net book value 31 December 2021	-	80 254	690 879	771 134
 Period ended 31 December 2021	 -	 80 254	 690 879	 771 134
Reclassification	604 885		-604 885	-
Additions	8 442	9 061	21 235	38 739
Reclassification to R&D	-163 624	-	-	-163 624
Disposals				
Derecognition		-	-	-
Depreciation	10 887	5 575	-	16 462
Exchange differences	8 904	-	-	8 904
Net book value 30 June 2022	447 721	83 741	712 115	638 692

Quantafuel has in accordance with IAS 38 recognised certain costs in regard to the Skive plant cost as development costs. From a total of NOK 620 million, NOK 163.6 million has been reclassified as development costs. The knowledge acquired throughout the multiple process modifications and rebuilds will be implemented in our second-generation plants (Mk II) and therefore providing important value for future plants, as well as providing value through licensing.

As for previous quarterly financial reporting, Quantafuel has conducted a valuation of the Skive plant. There has been no need for impairment based on the current estimates.

Note 3 Financial assets and financial liabilities

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

Financial assets other than cash:			2022	2021
Debt instruments at amortised cost:				
Trade and other receivables			19 012	39 515
Non-current deposits			27 573	7 652
Sum financial assets			46 586	47 167
Total current			19 012	39 515
Total non-current			27 573	7 652
Financial liabilities: Interest-bearing liabilities:				
	Interest rate	Maturity	2022	2021
Current interest-bearing liabilities				
Loan from Sparebank 1 SMN	5.75%	2023	7 640	7 640
Loan from DGI	CIBOR 3 + 7.03%	2023	10 572	10 208
Lease liabilities	8.48% / 6%	2023	9 429	7 555
Total current			27 641	25 404
Non-current interestbearing loans:				
Sparebank 1 SMN	5.75%	2026	25 467	29 287
Innovasjon Norge	3.95%	2024	2 400	2 400
Loan from DGI	CIBOR 3 + 7.03%	2028	52 861	55 071
BASF liability	n.a.		-	-
BASF conversion right liability	n.a.		-	-
Lease liabilities	8.48% / 6%	2034	97 361	92 214
Total non-current			178 089	178 971
Total interest-bearing liabilities			205 731	204 375
Other financial liabilities at amortised cost:			2022	2021
Trade and other payables			68 294	102 127
Total current			68 294	102 127
Total non-current			-	-

Note 4 Share-based payments

Share options of the parent company have been granted to Directors of the Board, executive management and other employees. As of 30.06.2022, the Company had 8,450,336 options outstanding. Each option gives the right to subscribe for one share. The options outstanding at the reporting date has an exercise price between NOK 4.60 – 77.00 per share, and with an exercise period that ends between 12 June 2023 and 7 June 2026.

The calculated value is recognised as a liability in the statement of financial position. The liability recognised at the reporting date is NOK 30.9 million and NOK 3.8 million for social security taxes. The change in the liability in the period is recognised as salaries and personnel costs in the income statement. Quantafuel may at any time resolve to terminate all issued options against a cash consideration equal to the market value of the option shares as the time of the termination, less the exercise price for such options.

Note 5 Share capital increase

On 31 January 2022, new shares were registered in the Norwegian Register of Business Enterprise, following the Private Placement closed 28 January 2022. Quantafuel issued 16,000,000 shares at NOK 0.01 per share. The subscription price was set at NOK 25.0 per share, giving a share premium of NOK 399,840,000. KIRKBI Invest A/S, a company closely related to board member Kasper Trebbien, was allocated 4,000,000 shares in the Private Placement.

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 subscription prices at NOK 14.90 per share.

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. This capital increase was related to the first tranche of payment related to the purchase of Quantafuel UK minority shares.

The total share capital of Quantafuel as of 30 June 2022 was NOK 1,658,285.13 divided by 165,828,513 shares, each with a par value of NOK 0.01.

Note 6 Change in the composition of the entity

There has been no changes in the composition of the entity during the first half year of 2022.

Note 7 Subsequent events

On 12 July Quantafuel ASA, through Quantafuel Denmark ApS, sold 50% of the shares in Quantafuel Esbjerg ApS (now: Resource Denmark ApS) to Eurazeo. Eurazeo has committed a total of EUR 40 million to the project.

On 4 August Quantafuel has together with DUBAL Holding, the investment arm of the Dubai Government in the commodities and mining, power and energy, and industrial sectors, and global chemical company BASF SE, signed an agreement to carry out a front-end engineering design (FEED) for developing a Plastics-to-Liquid (PtL) processing plant in Dubai.

On 29 August Saipem and Quantafuel announced the signing of a Memorandum of Understanding (MoU) to collaborate in the industrialization and construction of waste plastics chemical recycling plants based on Quantafuel technology.

Responsibility statement Board of Directors

The Board of Directors confirm that the (unaudited) interim financial statements for the period 1 January to 30 June 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting in our best belief, that the information in the interim report gives a true and fair view of the Quantafuel group's assets, liabilities, financial position and result as a whole and that the half-yearly report provides a true and fair view of the information mentioned in the Securities Trading Act §5-6 fourth paragraph and includes a fair review of any of the significant events that arose during the six-month period and their effect on the half-yearly financial report, and any significant related parties transactions, and a description of the principal risks and uncertainties for the remaining six months of the year.

Quantafuel ASA

Oslo, 30. August 2022

Ann-Christin G. Andersen –Chairperson

Petter Dragesund – Deputy Chair

Majken Margrethe Smith – Board Member

Dr. Thorleif Enger – Board Member

Berit Koppervik– Board Member

Wenche Teigland – Board Member

Kasper Trebbien – Board Member

Dr. Maximilian Walter – Board Member

Lars Rosenløv – CEO

Forward looking statement

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

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

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

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



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