

*Quantafuel ASA*

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# Third Quarter 2022

Consolidated financial statements

Quantafuel ASA



## **Third quarter report for 2022:**

### **Quantafuel confidently moves forward into next phase**

- Skive improvement program progressing well
- Skive increasing stability and throughput
- FEED process for PtL plant in Dubai on track for FID decision in early 2023
- UK development progressing with permit processes and financing
- Construction of Resource Denmark well under way

Quantafuel's vision of becoming the global leader within chemical recycling of plastic waste with large-scale operations in multiple locations around the world is progressing and the commitment shown by our key partners illustrates their support and confidence in what we are doing.

As announced in Q2, our Plastic-to-Liquid (PtL) plant in Skive has demonstrated that our upcycling technology is ready for large-scale global implementation. 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. This quarter, Quantafuel reports that the roll-out of large-scale global implementation is well on its way and that the Mk II concept is on track.

We have continued to reach new milestones at Skive, while at the same time focusing on improvements, testing and gaining valuable knowledge and learnings. We have also improved the offtake agreement for our products.

In the UK, we are making steady progress both in Sunderland and on three additional sites. We have engaged financial advisors CBRE as the funding development agent to secure the required equity for the UK projects, out of which Quantafuel will retain a minority share but maintain control of the IP and lead the partnership in terms of the strategy to Build-Own-Operate.

### **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.

Quantafuel recorded one Lost Time Injury (LTI) in Skive in October related to chemical exposure causing four working days of absence. The employee is still recovering but is back at work and expects a full recovery. Except from this injury, there were no other reportable safety incidents, neither any accidental releases to the environment during third quarter and subsequent days.

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 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's second-generation plants (Mk II)**

Quantafuel's move into the next phase of its strategy is made possible by our second-generation (Mk II) process built on all Skive key principles and learnings. 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. Key

learnings from Skive drive improvements in three core areas, which are simplification, redundancy and operability. These improvements will result in plants more reliable and cost-effective to build and operate. The Mk II concept is modular and scalable and can easily be adapted to the specifics of different sites.

## **Project pipeline**

Thanks to the compelling value proposition we offer, we are in a strong market position to build a circular economy for plastics in Europe and beyond. We continue to see interest in our projects from large and small players along the value chain as our project pipeline develops.

In August, we 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, which has led to the Dubai project taking the pole position in our PtL portfolio. The FEED process is on track and the final investment decision is scheduled for early 2023.

The cooperation with our preferred EPC (engineering, procurement, and construction) partner Saipem is also progressing well. After announcing the agreement that allows Saipem to globally market PtL plants under Quantafuel's technology license in August, we have seen significant interest from major petrochemical actors. The cooperation with a leading global engineering player has elevated Quantafuel to a different level in the eyes of these companies. Our core strategy remains building, owning and operating PtL plants, but the agreement with Saipem will provide additional income streams over time.

In the UK, we are making steady progress. Our planning application for Sunderland will come before the local council for approval early 2023. We are also progressing with three additional sites and have entered meaningful discussions with feedstock suppliers. In addition, we have engaged UK-based financial advisors CBRE Limited, to act as the development funding agent to secure funds for all relevant costs associated with the construction of the Sunderland project. CBRE will also work to secure corresponding conditional funding commitments for all pipeline projects in the UK. The funds will be turned into equity in the individual projects in the UK, which initially are established as subsidiaries of Quantafuel UK Limited. Quantafuel will keep a minority share (approx. 20%) but maintain control of the IP and lead the partnership in terms of the strategy to Build-Own-Operate.

## **Skive plant - Operational and technology update**

As announced in a separate release in October, our systematic improvement approach continues to create progress in Skive, both in terms of operating costs, capacity, and stability.

A main event in the third quarter was the planned turnaround where all four production lines were equipped with instrumentation allowing heating with self-generated gas (NCG), which significantly reduces the operating costs.

We have also implemented and tested optimisations, bringing the operating load from 550 kg/h close to the design capacity of 625 kg/h with high process stability. Going forward, these process improvements will be applied to all lines.

Currently, two lines are running at normal operations, while two lines are used for testing and improvements. We are testing ways to increase operating time between line shutdowns, increasing

overall production. We are also improving our control system to enable automatic transition between heating the reactors with natural gas (NG) and NCG. These features will improve operability and production. The tests are likely to continue throughout the year.

The offtake agreement for our products has been renegotiated and improved. The ongoing cost reduction program, focusing on minimising the disposal costs of ash and process water, securing feedstock volume with appropriate quality at reasonable cost, and the use of NCG, is progressing well.

Learnings, testing and development continue to be a main priority at Skive as these are incorporated in the Mk II design.

### **Kristiansund plant**

The limitation in available feedstock is still restricting the full utilisation of the plant, but we experience a month-on-month steady increase. Actions are in place to improve the sourcing of feedstock.

### **Esbjerg project**

The construction of Resource Denmark in Esbjerg, a game-changer for the plastic waste market in Denmark and the country's largest plastic sorting facility, is well under way. In September, a ground-breaking ceremony took place with Esbjerg's mayor Jesper Frost Rasmussen, who has been a champion of the project since its early stages. The official building start was celebrated together with representatives from Resource Denmark, its owners Eurazeo SE and Quantafuel ASA, as well as local businesses, politicians, suppliers and representatives from Esbjerg municipality.

"With Esbjerg's ambitions to be a sustainable energy metropolis and a goal of being CO2 neutral by 2030, it is great to welcome a company with the potential to help with one of the most important climate challenges. This way, we can sort plastic waste correctly, create value and show the way we, as a society, would like to go," said the Mayor.

The sorting facility, which will be capable of sorting up to 160,000 tonnes of mixed plastic waste annually into recyclable fractions, is expected to be commissioned at the end of 2023. Rambøll manages the engineering, procurement, and construction (EPC) of the plant, contractor Jorton is the project's main entrepreneur and Eggersmann is the supplier of waste sorting treatment equipment.

When operational, the facility will employ close to 50 full-time employees. The next phase of the Esbjerg project will include a large-scale PtL plant based on Quantafuel's Mk II.

### **Market development**

The macroeconomic trend remains supportive for Quantafuel's growth plans and valuation. Industrial and retail demand for recycled products is strong. We are pleased to report that the cost of our feedstock into Skive is starting to recede, and that we have agreed on a revised long-term pricing mechanism with our offtaker BASF.

Despite uncertainties in the secondary plastics market due to softening demand for mechanically recycled plastics throughout Europe, Quantafuel Kristiansund has managed to maintain favourable offtake agreements.

### **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. 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 Q3, a key focus has been to monitor and improve our resource efficiency. In collaboration with Cognite, we have set up a sustainability dashboard giving us real-time measurement of key factors like energy use, CO2 emissions and water use. Throughout the quarter, we have been steadily more successful at recycling surplus gas as energy source in our production process. This displaces natural gas and has reduced the direct CO2 emissions from our plant in Skive by about 25%.

We have also continued to develop what we call "Bill of Sustainability", a service where our customers receive documentation on precisely how much plastic we have recycled and the benefit in terms of saved 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.

### **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.

### **Organisation**

The total number of employees at the end of the third quarter was 111.

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 today, a total of 19 nationalities are 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 continue to work towards our differences and similarities being a strength, with the ambition of creating and keeping an open, curious, and inclusive culture.

## **Finance**

Quantafuel expects positive operational cashflow from the plant in Skive within year-end 2022 and that production volumes will stabilise at a higher level from 2023.

We previously guided that we expect positive cashflow from the operations in Kristiansund before year-end. This is no longer realistic in Kristiansund within this year due to a shortage of feedstock suitable for our mechanical recycling line and although actions are in place to improve sourcing, the new guiding is that Kristiansund is forecasting to achieve positive cashflow from around mid 2023. First half 2023 is expected negative with less than 5 million NOK.

Demand for chemically recycled products is strong, and we are experiencing high interest in 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 approximately 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 PPE value of Skive is NOK 452.6 million as per 30<sup>th</sup> September 2022. 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%.

On 12<sup>th</sup> July 2022, Quantafuel signed a EUR 40 million Eurazeo financing and JV, completing the project financing of the Resource Denmark sorting plant.

Per 30<sup>th</sup> September 2022, Quantafuel ASA had a cash position of NOK 246.6 million and 314 million if you include cash deposited with the Joint venture Resource Denmark.

The group have appointed ABG Sundal Collier as an adviser in a previously announced strategic review in preparation of the roll-out of the next generation Plastic-to-Liquid Plants. The additional appointment of CBRE as the development funding agent to secure funds for all relevant costs associated with the construction of the Sunderland project and potentially a portfolio of UK projects, demonstrates the flexibility in raising funds at Group or project levels, as well as flexibility in ownership share, for the next stage of growth.

## **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.

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.

### **New Board Member**

There has been a change in Employee representatives to the Board of Directors and we would like to thank Berit Koppervik for her contribution to the Board since May 2021. At the same time, we welcome Anette Knoph Lerø as a new board member and Rene Ortiz Garcia as an observer to the board meetings.

### **Quantafuel ASA**

Oslo, 14<sup>th</sup> November 2022

# Financial review

## Income statement

Quantafuel Financial Highlights	Audited				
	Q3 2022	Q3 2021	First nine months 2022	First nine months 2021	Full year 2021
Unaudited figures in NOK if not stated otherwise	Group	Group	Group	Group	Group
Operating revenue	14 795	1 392	31 473	3 642	5 161
Total Income	11 958	1 090	30 212	7 924	9 115
EBITDA	-63 890	-41 707	-187 926	-100 922	-166 824
Profit (loss)	-75 022	-22 155	-215 579	81 714	-3 883
Total assets	1 636 462	1 497 163	1 636 462	1 497 163	1 500 171
Cash & Cash equivalents	246 604	379 133	246 604	379 133	284 903

Operating revenue of NOK 14.8 million in Q3 2022 includes revenue from our plants in Skive (NOK 4.0 million) and Kristiansund (NOK 3.4 million) and revenue in ASA (NOK 7.2 million).

For the first nine months 2022 operating revenue of NOK 31.5 million consists of NOK 8.6 million relating to operation of Skive Plant, and NOK 10.2 million relating to operation of Kristiansund Plant. NOK 12.4 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 and Resource Aps which is included in the Group accounts as equity-accounted investees. Adjusted for IFRS elements, the Geminor share of profit is included with NOK 4.4 million for Q3 2022, and for the first nine months 2022, the Group's share of net profit was NOK 7.4 million. The share of loss for the period included for Resource is NOK 8.6 million.

EBITDA in Q3 2022 was NOK -63.9 million compared to NOK -41.7 million same period in 2021. For the first nine months 2022 EBITDA was NOK -187.9 million, comparing to NOK -100.9 million same period last year. Salary costs in Q3 2022 was NOK 33.1 million and NOK 79.5 million for the first nine months 2022, compared to NOK 18.2 million in Q3 2021 and NOK 39.4 million for the first nine months 2021. For 2022 the number of employees is higher than 2021.

Other operating expenses in Q3 2022 was NOK 20.5 million compared to NOK 11.5 million in Q3 2021. For the first nine months 2022 other operating expenses was NOK 65.1 million compared to NOK 42.3 million for the first nine months 2021.

Loss for the period Q3 2022 was NOK 75.0 million.<sup>1</sup>

Loss for the first nine months 2022 was NOK 215.6 million

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



## Statement of Financial position

Unaudited figures in NOK if not stated otherwise	Audited		
	At 30 Sept 2022	At 30 Sept 2021	At 31 Dec 2021
	Group	Group	Group
Total non-current assets	1 317 617	1 089 850	1 151 653
Total current assets	318 845	407 314	348 519
Total assets	1 636 462	1 497 163	1 500 171
Total equity	1 244 939	1 148 480	1 068 479
Total non-current liabilities	299 843	240 942	303 711
Total current liabilities	91 680	107 742	127 981
Total equity and liabilities	1 636 462	1 497 163	1 500 171

As per 30 September 2022 the Group's equity was NOK 1,244.9 million. Cash and cash equivalents were NOK 246.6 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 1,317.6 million due to an increase related to the Skive plant, Kristiansund plant, Esbjerg Sorting plant and costs for concept development. Included in non-current assets is the equity accounted investees, which for Q3 also includes Resource Denmark Aps (former Quantafuel Esbjerg Aps).

### Skive Operation

(Amounts in NOK thousands)

	Q1 2022 YTD	Q2 2022 YTD	Q3 2022 YTD
Revenue	2 427	4 622	8 614
Cost	25 104	52 862	81 549
EBITDA	-22 677	-48 240	-72 935
Depreciation	1 655	3 138	9 206
EBIT	-24 332	-51 378	-82 141

### Group value Skive Plant

	31.12.2022	30.06.2022	30.09.2022
Intangible Assets	0	163 624	163 624
PPE *	604 885	447 721	452 598

\* Please refer to note 2

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

		<b>Q3 2022 Group</b>	<b>Q3 2021 Group</b>	<b>First nine months 2022 Group</b>	<b>First nine months 2021 Group</b>	<b>Full year 2021 Group</b>
		Unaudited	Unaudited			Audited
Operating revenue		14 795	1 392	31 473	3 642	5 161
Share of net income in equity-accounted investees		-2 837	-302	-1 261	4 282	3 954
Cost of goods sold		22 223	13 059	73 537	27 165	55 854
Salaries and personnel costs	4	33 089	18 206	79 487	39 392	67 133
Depreciation and amortisation	2	20 855	3 684	43 765	10 265	20 061
Other operating expenses		20 537	11 530	65 115	42 287	52 951
<b>Operating profit (loss)</b>		<b>-84 745</b>	<b>-45 391</b>	<b>-231 691</b>	<b>-111 187</b>	<b>-186 885</b>
Finance income		13 149	-621	29 300	222	1 012
Finance expense		3 440	2 884	11 318	8 735	-12 911
Finance items convertible loan		-	26 754	-	205 302	205 302
<b>Net financial items</b>	3	<b>9 709</b>	<b>23 249</b>	<b>17 982</b>	<b>196 789</b>	<b>193 403</b>
<b>Profit (loss) before tax</b>		<b>-75 035</b>	<b>-22 142</b>	<b>-213 709</b>	<b>85 603</b>	<b>6 518</b>
Income tax expense		13	13	1 870	3 889	10 401
<b>Profit (loss) for the period</b>		<b>-75 022</b>	<b>-22 155</b>	<b>-215 579</b>	<b>81 714</b>	<b>-3 883</b>
<b>Attributable to:</b>						
Equity holders of the parent		-75 022	-21 790	-215 579	82 381	-3 883
Non-controlling interest	6	-	-366	-	-668	-
Earnings per share, ordinary		-0.5	-0.2	-1.3	0.6	-0.0
Earnings per share, diluted		-0.5	-0.2	-1.3	0.6	-0.0

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

	<b>Q3 2022</b>	<b>Q3 2021</b>	<b>First nine months 2022</b>	<b>First nine months 2021</b>	<b>Full year 2021</b>
	<b>Group</b>	<b>Group</b>	<b>Group</b>	<b>Group</b>	<b>Group</b>
<b>Profit for the period</b>	-75 022	-22 155	-215 579	81 714	-3 883
Items that may be reclassified to profit (loss)					
Translation differences, net	-1 714	-3 046	-2 740	-3 111	2 184
<b>Total comprehensive profit (loss)</b>	-76 736	-25 201	-218 319	78 603	-1 699
<b>Attributable to:</b>					
Equity holders of the parent	-76 736	-24 836	-218 319	79 270	-1 699
Non-controlling interest	-	-366	-	-668	-

**QUANTAFUEL ASA**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 30 SEPTEMBER 2022**  
(Amounts in NOK thousands)

	Note	At 30 September 2022 Group	At 30 September 2021 Group	At 31 December 2021 Group
<b>ASSETS</b>				Audited
Deferred tax asset		22 569	12 889	21 300
Goodwill		54 085	54 085	54 085
Other intangible assets		195 354	32 604	32 537
Property plant and equipment	2	563 141	753 980	771 134
Right-of-use asset		96 263	56 426	93 139
Equity-accounted investment	6	266 110	172 133	171 806
Investment in associated company		-	-	-
Other non-current assets		120 095	7 733	7 652
<b>Total non-current assets</b>		<b>1 317 617</b>	<b>1 089 850</b>	<b>1 151 653</b>
Inventory		14 176	3 500	5 783
Accounts receivable		15 427	13 030	18 120
Other receivables		30 920	11 651	21 395
Assets held for sale		11 718	-	18 318
Cash and cash equivalents		246 604	379 133	284 903
<b>Total current assets</b>		<b>318 845</b>	<b>407 314</b>	<b>348 519</b>
<b>Total assets</b>		<b>1 636 462</b>	<b>1 497 163</b>	<b>1 500 171</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital		1 658	1 489	1 490
Other paid-in capital		2 301 095	1 906 183	1 906 483
Retained earnings		-1 057 814	-758 454	-839 493
<b>Equity attributable to the owners of the parent</b>		<b>1 244 939</b>	<b>1 149 218</b>	<b>1 068 479</b>
Non-controlling interests		-	-738	-
<b>Total equity</b>		<b>1 244 939</b>	<b>1 148 480</b>	<b>1 068 479</b>
Deferred tax liabilities		126 610	109 904	124 740
Non-current interest bearing liabilities	3	77 334	72 981	86 757
Long-term leasing liability	3	95 900	58 056	92 214
Other non-current liabilities		-	-	-
<b>Total non-current liabilities</b>		<b>299 843</b>	<b>240 942</b>	<b>303 711</b>
Current interest bearing liabilities	3	18 456	6 015	17 848
Tax payable		448	-	450
Short-term leasing liability	3	9 635	4 303	7 555
Accounts payable		29 239	42 109	44 442
Other current liabilities		33 900	55 315	57 685
<b>Total current liabilities</b>		<b>91 680</b>	<b>107 742</b>	<b>127 981</b>
<b>Total equity and liabilities</b>		<b>1 636 462</b>	<b>1 497 163</b>	<b>1 500 171</b>

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

	Q3 2022	Q3 2021	First nine months 2022	First nine months 2021	Full year 2021
	Group	Group	Group	Group	Group
<b>Profit (loss) for the period, before tax</b>	<b>-75 035</b>	<b>-22 142</b>	<b>-213 709</b>	<b>85 603</b>	<b>6 518</b>
Depreciation and amortisation	20 855	3 684	43 765	10 265	20 061
Income taxes paid	-	-	-	-	-
Share-based payment expense	2 495	3 068	7 737	8 455	11 404
Net financial items	6 872	-22 947	16 721	-201 374	-197 357
Increase/(decrease) in inventory	-9 365	603	-8 393	-283	-2 565
Increase/(decrease) in net accounts receivable and payable	-24 932	-7 063	-12 509	-21 499	-24 256
Increase/(decrease) in net other receivables and other payables	8 543	19 930	-33 310	-17 712	-24 351
<b>Cash flows from operating activities</b>	<b>-70 567</b>	<b>-24 867</b>	<b>-199 698</b>	<b>-136 242</b>	<b>-210 547</b>
Purchase of property, plant and equipment	-	-80 582	-38 056	-147 905	-194 173
Purchase of intangible asset	-	-101	-	-2 087	-2 087
Purchase of shares	31 680	-	26 680	-5 928	-4 260
Dividend	-	8	-	-6	4 000
Increase/(decrease) in other non-current assets	-92 186	-	-111 948	-	-14
Interest income received	-	-	-	-	1 012
<b>Cash flows from investment activities</b>	<b>-60 506</b>	<b>-80 675</b>	<b>-123 323</b>	<b>-155 926</b>	<b>-195 523</b>
Proceeds from issue of shares	0	224	387 048	2 117	3 157
Proceeds from borrowings	-87 689	-7 378	-95 532	-11 636	12 830
Payment of lease liabilities	-4 201	-2 796	-12 408	-8 336	-12 129
Interest expenses paid	-510	-1 581	-4 618	-4 305	-5 108
Exchange differences	1 760	1 240	10 232	1 239	-
<b>Cash flows from financing activities</b>	<b>-90 639</b>	<b>-10 292</b>	<b>284 723</b>	<b>-20 922</b>	<b>-1 250</b>
<b>Net change in cash and cash equivalents</b>	<b>-221 712</b>	<b>-115 834</b>	<b>-38 298</b>	<b>-313 090</b>	<b>-407 320</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>468 316</b>	<b>494 967</b>	<b>284 903</b>	<b>692 223</b>	<b>692 223</b>
<b>Cash at cash equivalents at end of period Group</b>	<b>246 604</b>	<b>379 133</b>	<b>246 604</b>	<b>379 133</b>	<b>284 903</b>

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

(Amounts in NOK thousands)

	Share capital	Share premium	Retained earnings	Total	Non-controlling interests	Total equity
<b>Equity at 31 December 2020</b>	<b>1 358</b>	<b>1 373 496</b>	<b>-802 593</b>	<b>572 261</b>	<b>81 726</b>	<b>653 987</b>
Profit (loss)	-	-	-3 883	-3 883	-	-3 883
Change in NCI share of plant excess value	-	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-3 883</b>	<b>-3 883</b>	<b>-</b>	<b>-3 883</b>
Translation differences, net	-	-	2 184	2 184	-	2 184
<b>Total OCI</b>	<b>-</b>	<b>-</b>	<b>-1 699</b>	<b>-1 699</b>	<b>-</b>	<b>-1 699</b>
	-	-	-	-	-	-
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
<b>Equity at 31 December 2021</b>	<b>1 490</b>	<b>1 906 483</b>	<b>-839 493</b>	<b>1 068 479</b>	<b>-</b>	<b>1 068 479</b>
Profit (loss)	-	-	-215 579	-215 579	-	-215 579
Change in NCI share of plant excess value	-	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-215 579</b>	<b>-215 579</b>	<b>-</b>	<b>-215 579</b>
Translation differences, net	-	-	-2 740	-2 740	-	-2 740
<b>Total OCI</b>	<b>-</b>	<b>-</b>	<b>-218 319</b>	<b>-218 319</b>	<b>-</b>	<b>-218 319</b>
Increase in share capital	168	386 874	-	387 043	-	387 043
Equity effect of aquisition minority shareholders	-	-	-	-	-	-
Other changes Equity	-	-	-	-	-	-
Share-based payments	-	7 737	-	7 737	-	7 737
<b>Equity at 30 September 2022</b>	<b>1 658</b>	<b>2 301 095</b>	<b>-1 057 814</b>	<b>1 244 939</b>	<b>-</b>	<b>1 244 939</b>

## **Notes to the interim condensed consolidated financial statements**

### **Note 1 Corporate information and basis for preparation**

#### **Corporate information**

The interim condensed consolidated financial statements ('the Statements') of Quantafuel ASA and its subsidiaries ('the Group') for the period ended 30 September 2022 were authorised for issue by the Board of directors on 14<sup>th</sup> November 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
<b>Period ended 31 December 2019</b>		<b>3 545</b>	<b>355 202</b>	<b>358 748</b>
Additions		61 375	196 102	257 477
Depreciation		5 305	-	5 305
Exchange differences		-	-	-
<b>Net book value at 31 December 2020</b>		<b>59 615</b>	<b>551 304</b>	<b>610 919</b>
 <b>Period ended 31 December 2020</b>		 <b>59 615</b>	 <b>551 304</b>	 <b>610 919</b>
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
<b>Net book value 31 December 2021</b>	-	<b>80 254</b>	<b>690 879</b>	<b>771 134</b>
 <b>Period ended 31 December 2021</b>	-	 <b>80 254</b>	 <b>690 879</b>	 <b>771 134</b>
Reclassification	604 885		-604 885	-
Additions	8 499	8 318	21 238	38 056
Reclassification to R&D	-163 624	-	-	-163 624
Disposals	-		-70 340	-70 340
Derecognition	-	-6 600		-6 600
Depreciation	-12 379	-8 924	-	-21 303
Exchange differences	15 217	-	601	15 818
<b>Net book value 30 September 2022</b>	<b>452 598</b>	<b>73 049</b>	<b>37 494</b>	<b>563 141</b>

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:			<b>2022</b>	<b>2021</b>
<b>Debt instruments at amortised cost:</b>				
Trade and other receivables			46 347	39 515
Non-current deposits			120 095	7 652
<b>Sum financial assets</b>			<b>166 442</b>	<b>47 167</b>
<b>Total current</b>			<b>46 347</b>	<b>39 515</b>
<b>Total non-current</b>			<b>120 095</b>	<b>7 652</b>
Financial liabilities: Interest-bearing liabilities:				
	<b>Interest rate</b>	<b>Maturity</b>	<b>2022</b>	<b>2021</b>
<b>Current interest-bearing liabilities</b>				
Loan from Sparebank 1 SMN	8.0%	2023	7 640	7 640
Loan from DGI	CIBOR 3 + 7.03%	2023	10 816	10 208
Lease liabilities	8.48% / 6%	2023	9 635	7 555
<b>Total current</b>			<b>28 092</b>	<b>25 404</b>
<b>Non-current interestbearing loans:</b>				
Sparebank 1 SMN	8.0%	2026	23 557	29 287
Innovasjon Norge	4.95%	2024	2 400	2 400
Loan from DGI	CIBOR 3 + 7.03%	2028	51 377	55 071
Lease liabilities	8.48% / 6%	2034	95 900	92 214
<b>Total non-current</b>			<b>173 234</b>	<b>178 971</b>
<b>Total interest-bearing liabilities</b>			<b>201 325</b>	<b>204 375</b>
Other financial liabilities at amortised cost:				
			<b>2022</b>	<b>2021</b>
Trade and other payables			63 140	102 127
<b>Total current</b>			<b>63 140</b>	<b>102 127</b>
<b>Total non-current</b>			-	-

#### **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 30.09.2022, the Company had 8,428,668 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 19 September 2026.

The calculated value is recognised as a liability in the statement of financial position. The liability recognised at the reporting date is NOK 33.4 million and NOK 1.4 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 September 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**

On 12 July Quantafuel Group, 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. Resource Denmark ApS will therefore no longer be part of the consolidated Quantafuel Group, but recognised as an Equity-accounted investee along with Geminor Invest AS.

#### **Note 7 Subsequent events**

On 12 October the Board of Quantafuel engaged ABG Sundal Collier as financial advisor to assist in evaluating the best strategic and financial options for the company in relation to the roll-out of the next generation plants (known as Mark II) and the next step in the development of the company.

## 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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