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WPU - Waste Plastic Upcycling A/S ("WPU") today announced unaudited financial management report for the first quarter of the fiscal year 2024, ending on March 31, 2024.

CEO's Q1 2024 Report

The first quarter of 2024 has been a period with focus on process optimization of the plant. This stage has progressed according to plan, with some minor interruptions.

By the end of Q1, all six production lines are operative.

During Q4 and Q1, WPU has identified additional necessary investments to improve production efficiency. These investments consist mainly of a gas balloon capable of storing up to 3,000 m³ of internally produced gas used in the reactor's gas burners. In addition, new and improved wax separators have been designed and have been implemented on 2 reactors. The last 4 reactors will have the new separators installed during Q2 2024.

The development and building of the 3.000m³ gas storage facility (Gas balloon) has begun and is commencing as scheduled. The gas balloon will secure more flexibility in the PtL producing process.

Financial key points Q1 2024 (unaudited accounts)

Overall, the financial result for Q1 2024 is not as expected due to an unsteady production of clean PtL. In this quarter we identified necessary adjustments to different parts of the process cycle, and the need for a stronger focus on different techniques to process different types and qualities of plastic input. The company did expect a negative result for the period, but at a lower level than what has actually been reached.

- During the quarter revenue has been lower than budgeted. This was mainly due to a high water level in received end-of-life plastic which made it necessary to run the PtL through the production cycle twice in order to receive adequate PLT, which in turn impacted the efficiency of the process. The high water levels were caused by the winter weather in the Nordic area and was not anticipated by our plastic waste suppliers.
- Average staff costs for process workers have increased, due to a raise in salaries to be more commensurate with salaries offered by companies competing for employees with the same skillset
- Investment in the Fårevejle plant has continued in the first quarter of 2024. The investments are mainly for the new gas balloon and improved wax separators.
- The company received in Q1 2024 additional loans from the largest shareholders in order to cover the remaining investments and operating costs.

Organizational overview

By the end of the first quarter the total headcount was 31 employees, which is the same as in Q4.

- The company plans to employ additional colleagues, strengthening the organization further during the year and thereby preparing for a higher level of production and for the planning and building of the new plant in Nakskov and then Esbjerg.

Health, Safety & Environment (HSE) overview

- No health, safety or environmental events occurred during the first quarter of 2024.

WPU remains dedicated to fostering a safe and inclusive work environment, and all incidents that occur lead to an update in the training instructions in order to prevent future repeat occurrences.

Events after the reporting period

The Gas Ballon has successfully completed the final test on 20th of May and will be a part of the production technology from the end of May 2024.

Agreements between WPU and material shareholder lenders to postpone the maturing date of shareholder loans to 31st January 2026 has been reached.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS as per 31 March 2024

| Profit & Loss (TDKK) | Q1 2024 | 2023 |
|--|----------------|----------------|
| | 3 months | 12 months |
| Operating revenue | 254 | 1,237 |
| Other income | 0 | 1,088 |
| Other operating expenses | -4,524 | -11,645 |
| Gross profit | -4,270 | -9,320 |
| Staff costs | -5,340 | -13,799 |
| Depreciation and impairment of equipment | -679 | -3,369 |
| Profit before interests | -10,289 | -26,488 |
| Other financial income | 1 | 266 |
| Other financial expenses | -3,479 | -9,346 |
| Pre-tax net profit or loss | -13,767 | -35,568 |
| Tax on net profit or loss for the period | 0 | 4,021 |
| Net profit or loss for the period | -13,767 | -31,547 |

ASSETS

| Non-current assets | 31 March | 31 Dec. |
|---|-----------------|----------------|
| | 2024 | 2023 |
| Development projects for intangible assets | 3,860 | 3,860 |
| Land and buildings | 41,587 | 40,427 |
| Plant and machinery | 85,874 | 86,059 |
| Other fixtures, tools and Equipment | 239 | 239 |
| Under construction: Property, plant & machinery | 4,937 | 2,995 |
| Deposits | 470 | 470 |
| Total Non-current assets | 136,967 | 134,050 |
| Current assets | | |
| Trade receivables | 455 | 820 |
| Deferred tax assets | 10,058 | 10,058 |
| Other receivables | 6,646 | 4,227 |
| Prepayments | 83 | 176 |
| Total receivables | 17,242 | 15,281 |
| Cash and cash equivalents | 16,257 | 11,889 |
| Total current assets | 33,499 | 27,170 |
| TOTAL ASSETS | 170,466 | 161,220 |

EQUITY AND LIABILITIES**Equity**

| | | |
|-------------------------------|---------------|---------------|
| Contributed capital | 510 | 510 |
| Share premium | 84,931 | 83,809 |
| Reserve for development costs | 3,011 | 3,011 |
| Retained earnings | -77,344 | -62,455 |
| Total equity | 11,108 | 24,875 |

Long term liabilities other than provisions

| | | |
|--|----------------|---------------|
| Mortgage debt | 11,108 | 11,434 |
| Bank loans | 6,339 | 7,587 |
| Payables to shareholders and management | 107,990 | 50,250 |
| Total long-term liabilities other than provisions | 125,437 | 69,271 |

Short term liabilities other than provisions

| | | |
|---|---------------|---------------|
| Current portion of long-term liabilities | 7,244 | 8,103 |
| Bank loans | 19,505 | 19,562 |
| Trade payables | 4,494 | 6,124 |
| Payables to shareholders and management | 0 | 30,339 |
| Other payables | 2,678 | 2,946 |
| Total Short-term liabilities other than provisions | 33,921 | 67,074 |

| | | |
|--|----------------|----------------|
| Total liabilities other than provisions | 159,358 | 136,345 |
| TOTAL EQUITY AND LIABILITIES | 170,466 | 161,220 |

UNAUDITED CONSOLIDATED CASHFLOWS

| | Q1 2024 |
|--|----------------|
| Profit (loss) for the period, before tax | -13,767 |
| Adjustments | 4,157 |
| Change in working capital | -4,028 |
| Cash flow from operating activities before net financials | -13,638 |
| Financial income | 1 |
| Financial expenses | -1,392 |
| Cash flow from operating activities | -15,029 |
| Purchase of property, plant and equipment | -3,597 |
| Changes in deposits | 0 |
| Cash flow from investment activities | -3,597 |
| Cash from loans | 23,065 |
| Cash from capital increase | 0 |
| Cash flow from financing activities | 23,065 |
| Net change in cash and cash equivalents | 4,439 |
| Cash equivalents 1 January 2024 | -7,673 |
| Foreign currency translation adj. | -3 |
| Cash equivalents 31 March 2024 | -3,237 |
| Cash and cash equivalents | |
| Cash and cash equivalents | 16,257 |
| Short term bank loans | -19,494 |
| Cash and cash equivalents 31 March 2024 | -3,237 |

This information is subject to the disclosure requirements pursuant to Section 5-12 the Norwegian Securities Trading Act.

For further information, contact:

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