



Waste Plastic Upcycling A/S  
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## **WASTE PLASTIC UPCYCLING A/S**

### **UNAUDITED MANAGEMENT REPORT Q3 2024**

#### **CEO's Q3 2024 Report**

In Q3, we have continued to focus on optimizing production and enhancing WPU Technology, which has resulted in an increase in production in the first month of Q4.

During the third quarter, we processed 636 tons of waste plastic into PtL feedstock, bringing the total feedstock processed year to date to 1,970 tons.

Additionally, the efforts have been on strengthening relationships with feedstock suppliers in the Nordic countries and across the Continent with the aim of securing a steady supply of high-quality feedstock in large quantities.

#### **Health, Safety & Environment (HSE)**

In the third quarter of 2024 one HSE incident occurred without human injury nor accidental environmental releases.

The use of contaminated feedstock caused a temperature rise in the condenser in production line 1, which was shut down.. To avoid accidental release of acid suspected to be generated by the contamination the remaining part of the reactor line was also shut down and therefore inoperative doing cleaning.. This process negatively impacted the production capacity in Q3.

The supplier responsible for the contaminated feedstock has admitted to failing to meet its delivery obligations. To be able to identify contaminated feedstock before loading of the reactors, new standards for recival and quality control of the feedstock has been implemented as a consequence of the learnings from this incident.

After the reporting period we had the following HSE incidents none of which caused human injury nor negative environmental impact.

- During production on Reactor 2, a blockage in the scrubber system caused a pressure increase in the expansion tank, triggering the safety valve as designed. This release mechanism functioned effectively, preventing further escalation. A small amount nontoxic gas was released, venting safely above the roof in accordance with our safety protocol.
- An odor from a minor gas emission from the low-pressure (3 mbar) safety valve installed at the gas balloon's inlet was detected.  
All operators are equipped with personal gas detectors, which trigger alarms if gas levels exceed regulatory limits. There was no gas detector alarms triggered near the safety valve. WPU has ordered new piping to relocate the safety valve to the gas balloon outlet.

### **Financial key points Q3 2024 (unaudited accounts)**

In Q3, we achieved an increase in revenue vs. Q2 and ended the period with a pre-tax result on -12,430 k DKK, an improvement from -14,628 k DKK in Q2.

For the first nine months of the year, the cumulative pre-tax result reached -40,825 kDKK.

The revenue was 4.6 M DKK below budget, which primarily can be attributed to the poor quality of plastic waste received which have impacted the production capacity in the quarter.

The costs were on a total level aligned with the budget.

### **Organizational overview**

By the end of the third quarter the total headcount was 35 employees, of whom 29 were employed in Produktionselskabet WPU Fårevejle ApS.

### **Events after the reporting period**

In the beginning of October, the group received a loan of 10 million DKK from a group of shareholders.

While still below our original budgeted production figure, the production in October has roughly matched the full production for the 2nd quarter of this year.

## UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

<b>Profit &amp; Loss (TDKK)</b>	<b>YTDQ3 2024</b>	<b>Q3 2024</b>	<b>Q2 2024</b>	<b>Q1 2024</b>
Operating revenue	3,731	2,228	1,249	254
Other operating expenses	-14,708	-4,494	-5,690	-4,524
<b>Gross profit</b>	<b>-10,977</b>	<b>-2,266</b>	<b>-4,441</b>	<b>-4,270</b>
Staff costs	-16,536	-5,458	-5,738	-5,340
Depreciation and impairment of equipment	-2,145	-715	-751	-679
<b>Profit before interests</b>	<b>-29,658</b>	<b>-8,439</b>	<b>-10,930</b>	<b>-10,289</b>
Other financial income	80	76	3	1
Other financial expenses	-11,247	-4,067	-3,701	-3,479
<b>Pre-tax net profit or loss</b>	<b>-40,825</b>	<b>-12,430</b>	<b>-14,628</b>	<b>-13,767</b>
Tax on net profit or loss for the period	0	0	0	0
<b>Net profit or loss for the period</b>	<b>-40,825</b>	<b>-12,430</b>	<b>-14,628</b>	<b>-13,767</b>

## ASSETS

	<b>30 Sept.</b>	<b>30 June</b>	<b>31 Mar.</b>
<b>Non-current assets</b>			
Development projects for intangible assets	3,860	3,860	3,860
Land and buildings	40,169	41,401	41,587
Plant and machinery	97,726	97,338	85,874
Other fixtures, tools and Equipment	132	168	239
Under construction: Property, plant & machinery	0	0	4,937
Deposits	291	291	470
<b>Total Non-current assets</b>	<b>142,178</b>	<b>143,058</b>	<b>136,967</b>
<b>Current assets</b>			
Trade receivables	49	503	455
Deferred tax assets	10,058	10,058	10,058
Other receivables	2,988	4,009	6,646
Prepayments	356	127	83
<b>Total receivables</b>	<b>13,451</b>	<b>14,697</b>	<b>17,242</b>
Cash and cash equivalents	367	1,584	16,257
<b>Total current assets</b>	<b>13,818</b>	<b>16,281</b>	<b>33,499</b>
<b>TOTAL ASSETS</b>	<b>155,996</b>	<b>159,339</b>	<b>170,466</b>

**EQUITY AND LIABILITIES****Equity**

Contributed capital	512	510	510
Share premium	86,096	84,931	84,931
Reserve for development costs	3,011	3,011	3,011
Retained earnings	-104,402	-91,972	-77,344
<b>Total equity</b>	<b>-14,783</b>	<b>-3,519</b>	<b>11,108</b>

**Long term liabilities other than provisions**

Mortgage debt	9,744	10,779	11,108
Bank loans	8,538	9,501	6,339
Payables to shareholders and management	119,002	110,628	107,990
<b>Total long-term liabilities other than provisions</b>	<b>137,284</b>	<b>130,908</b>	<b>125,437</b>

**Short term liabilities other than provisions**

Current portion of long-term liabilities	4,384	3,301	7,244
Bank loans	20,306	20,144	19,505
Trade payables	6,605	5,691	4,494
Other payables	2,200	2,814	2,678
<b>Total Short-term liabilities other than provisions</b>	<b>33,495</b>	<b>31,950</b>	<b>33,921</b>

**Total liabilities other than provisions**

<b>TOTAL EQUITY AND LIABILITIES</b>	<b>170,779</b>	<b>162,858</b>	<b>159,358</b>
	<b>155,996</b>	<b>159,339</b>	<b>170,466</b>

## UNAUDITED CONSOLIDATED CASHFLOWS

	Q3 2024
<b>Profit (loss) for the period, before tax</b>	<b>-40,825</b>
Adjustments	13,313
Change in working capital	1,316
<b>Cash flow from operating activities before net financials</b>	<b>-26,196</b>
Financial income	77
Financial expenses	-3,678
<b>Cash flow from operating activities</b>	<b>-29,797</b>
Purchase of property, plant and equipment	-10,453
Changes in deposits	179
<b>Cash flow from investment activities</b>	<b>-10,274</b>
Cash from loans	26,645
Cash from capital increase	1,167
<b>Cash flow from financing activities</b>	<b>27,812</b>
<b>Net change in cash and cash equivalents</b>	<b>-12,259</b>
Cash equivalents 1 January 2024	-7,673
Foreign currency translation adj.	-7
<b>Cash equivalents 30 September 2024</b>	<b>-19,939</b>
<b>Cash and cash equivalents</b>	
Cash and cash equivalents	367
Short term bank credit facilities	-20,306
<b>Cash and cash equivalents 30 September 2024</b>	<b>-19,939</b>