

PRYME N.V.
2024 Half Year Report



August 2nd, 2024

Pryme N.V. – 2024 Half Year Report

Forward Looking Statements

This 2024 Half Year report (the “Report”) is produced by Pryme N.V. (the “Company” or “Pryme”) and contains several forward-looking statements relating to the business, financial performance and results of Pryme, its subsidiaries and/or the industry in which it operates. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words “believes”, “expects”, “predicts”, “intends”, “projects”, “plans”, “estimates”, “aims”, “foresees”, “anticipates”, “targets”, “will”, “should”, “may”, “continue” and similar expressions.

Forward-looking statements include statements regarding objectives, goals, strategies, outlook and growth prospects; future plans, events or performance and potential for future growth; liquidity, capital resources and capital expenditures; profit; margin, return on capital, cost or dividend targets; economic outlook and industry trends; developments of the Company’s markets; the impact of regulatory initiatives; and the strength of the Company’s competitors.

The forward-looking statements contained in this Report, including assumptions, opinions and views of the Company, are based upon various assumptions, including without limitation, management’s examination of historical operating trends, data contained in the Company’s records and other data available from third party sources. Although the Company believes that these assumptions were reasonable when made, the statements provided in this Report are solely opinions and forecasts that are uncertain and subject to risks, contingencies and other important factors which are difficult or impossible to predict and are beyond its control.

A number of factors can cause actual results to differ significantly from any anticipated development expressed or implied in this Report. No representation is made that any of these forward-looking statements or forecasts will come to pass or that any forecast result will be achieved and you are cautioned not to place any undue reliance on any forward-looking statement. The information obtained from third parties has been accurately reproduced and, as far as the Company is aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information to be inaccurate or misleading.

To the Pryme shareholders,

During the first quarter of 2024, Pryme reached the milestone of producing first oil. The first oil was produced by cold-feeding the reactor and thus utilized only the last two out of our three process steps (extruder, reactor and condensation). Quickly thereafter, Pryme One completed its first production where all three process steps were utilized. Having reached these important first quarter milestones, the Company expanded its focus from the construction and commissioning of Pryme One to also laying the groundwork for Pryme's future growth. In doing this the Company is taking the first steps to advance from a single asset company to a broader based company where in addition to advancing Pryme One operations we are initiating work to develop our growth plan.

With the reaching of these important first quarter milestones, the Company expanded its focus to not only concentrate on the commissioning of Pryme One, but also to lay the groundworks for Pryme's future growth plan. This meant that the Company developed from a single focus company only focused on constructing Pryme One to a broader focused company where in addition to advancing the Pryme One operations we also initiated work related to our growth and rollout plan.

As to the Pryme One activities, multiple production runs were executed in the second quarter. These production runs gave the operational team valuable learnings from the Pryme One installation. This work is groundbreaking for the Pryme team since Pryme One is a pioneering technology for advanced recycling and the learning curve is steep with significant runway in front of us. Although technical advancements are difficult to express, the increased oil production and production rates in the second quarter can be seen as a proxy for our technical and operational progress. In the first quarter, we produced 6 metric tons of pyrolysis oil. In the second quarter Pryme produced 114 metric tons for a total of 120 metric tons of pyrolysis oil produced in the first half of 2024.

Entering into the third quarter, Pryme is confident about achieving a steady increase in the production rates of Pryme One. We expect the commissioning and ramp-up activities to continue in both the third and fourth quarter with production levels at the end of the fourth quarter expected to approach breakeven levels at around 250 metric tons of weekly production.

The activities related to the growth and rollout plan have focused on 1) the development of a basis of design for Pryme's second-generation plants and 2) to develop a number of actionable sites for future Pryme plants. During the quarter good progress was made with the technical basis of design for the second-generation plants. Regarding the site selection work, the team had identified around 15 potential sites of interest in north-western Europe. The goal of the site selection activities is to narrow this list down to 4-6 highly attractive and actionable sites based on size, proximity to customers and suppliers, likelihood of appropriate permits being granted and availability of critical "must haves" such as access to energy and qualified people. In order to accelerate this work and because of limited internal resources, the Company hired an external consultant in order to progress this work. Pryme expects to conclude this site selection study in the third quarter. Following this, the Company will engage in multiple site-specific activities with the main focus being on the permit applications.

In addition to the main activities described above, the Pryme team was proud to receive ISCC PLUS certification for its pyrolysis oil. Pryme also made good progress on securing a stable feedstock supply through storage of feedstock on a nearby vendor site. This is particularly important in this early production phase with strongly fluctuating production volumes given Pryme One's limited storage capacity.

On the liquidity side, Pryme completed a private placement for EUR 12 million in April 2024 thus securing adequate funding until what we expect to be the time when Pryme One operations have reached commercially attractive performance levels. The private placement funding brought us a new shareholder, Taranis Investment Limited, which is owned by Perenco, a large petrochemical company. Pryme is very excited about attracting Taranis as a shareholder as we are confident that Taranis' expertise and knowledge of the sector will significantly contribute to the success of Pryme.

On an ending note, I would like to thank the entire Pryme team and in particular the leadership team. Following the departure of Christopher Hervé, Pryme's CEO, in early July the leadership team has really stepped up to the additional challenge on top of their already busy agendas. I am happy to report that until we get Pryme's next CEO on board, the Company has a robust transitional arrangement in place. Obviously, we will disclose when Pryme's next CEO has been confirmed.

Sincerely,

Henning E. Jensen

Chairman of the Supervisory Board, Pryme N.V.

Key highlights HY1 2024

- 120 tons of pyrolysis produced in the first half of 2024 of which 114 tons produced in Q2. The longest production run lasted for around 48 hours.
- Pryme received ISCC PLUS Certification as a processing unit, an important certification as this enables the Company to sell its oil to a wider group of customers that require such certification.
- Continued hot commissioning and production ramp up, albeit at limited volumes and duration.
- First shipment and invoicing of pyrolysis oil to an external customer.

Other notables and further descriptions of activities and accomplishments for the reporting period:

- Pryme One Production

In the first half of 2024, Pryme's oil production amounted to 120 metric tons. Although behind our original expected production for the period, this marks a strong progress of the Pryme One operations. Ramping up Pryme One is challenging, given the pioneering technologies and processes involved in achieving advanced recycling on an industrial scale. As can be expected, we constantly face small and large issues which are relentlessly solved by the Pryme team, albeit resulting in a slower ramp-up than anticipated. The passion and engagement of the team is unyielding and progress is made every day.

- ISCC PLUS (processing unit)

On 24 May 2024 Pryme was awarded its ISCC PLUS certificate. ISCC (International Sustainability and Carbon Certification) certifying that Pryme complies with the requirements of the ISCC certification system as a processing unit.

- REACH registration

In May 2024 Pryme submitted a request for and received REACH registration.

- End of waste status product

The first delivery of Pryme raised questions about the "end of waste" status of pyrolysis oil produced by Pryme, based on mixed plastic waste as input materials. In the market the product registration of pyrolysis oil derived from plastic waste is an uncharted field. In close collaboration with the local authorities, Pryme provides a self-declaration regarding the "end of waste" status of its product.

- Feedstock supply and safety stock

Pryme sources its mixed plastic waste, mainly composed of PE and PP, from various suppliers. As the installation is not yet in stable production mode and the storage capacity in Pryme One, Pryme's first production plant, is very limited, this requires an external safety stock for feedstock. Pryme has entered into an agreement with one of its suppliers where the supplier keeps a buffer inventory of 500 metric tons of mixed plastic waste feedstock at all times. As production rates ramp up, Pryme may also seek to have a buffer stock inventory located in the proximity of Pryme One.

- DEI subsidy final settlement and receipt final term

In January 2024 the final DEI (Demonstration Energy and Climate Innovation) subsidy settlement was completed and audited, both the substantive report as well as the financial settlement. The total DEI subsidy amounted to EUR 4.992k and was awarded to enable the design, engineering and construction of the Pryme One installation. In June 2024 the subsidy was definitely approved by RVO, the Rijksdienst voor Ondernemend Nederland, and the final payment of EUR 499K was transferred to Pryme.

- TSE subsidy regarding valorization non-condensable gases

In May 2024 RVO awarded a TSE (Top Sector Energy) subsidy for a maximum amount of EUR 481k to Pryme. Eligible costs amount to a maximum of EUR 688K and the subsidy period runs from March 1, 2024 till February 28, 2025. The subsidy is to be used for a feasibility study regarding the valorization of the non-condensable gases emerging from the Pryme One pyrolysis production process. The objective is to evaluate and optimize valorization technologies and alternatives to better recover the energy from the expected up to 3.000 metric tons annual output of non-condensable gases of Pryme's first production facility. Due to the broad spectrum and fluctuating composition and flow rates of the gas components, standard valorization techniques are not available.

- Technology and lab-scale plant Ghent

In Q2 2024 Pryme continued to run multiple test runs at its lab-scale plant at its University of Ghent facility to evaluate the effects of 1) various types of feedstock in terms of output quality and energy consumption, 2) the impact of various heating temperatures and 3) the effects additives have on the production process, the oil quality and pour point of the oil. The lab-scale plant is proving very useful for Pryme to test and validate changes to Pryme One hardware and operating practices in a time- and cost-effective manner, thus accelerating process improvements.

- Site Selection

Following first oil having been produced in Q1 and subsequent production runs in Q1 and Q2, the Company increased its scope of activities in the area of scouting and pre-selecting sites for future Pryme plants. The lead time from selecting a site until production starts is significant. The longest lead times associated with bringing new plants to production are permitting, equipment deliveries and construction. Permit applications can only be submitted when the plant design and environmental footprint have been frozen at a high level. Thus, Pryme is seeking to be ready to select sites and to submit permit applications once Pryme One performs at a stable and satisfactory level. Consequently, a broad site selection study has been initiated. The goal of this study is to narrow down the number of potential sites from initially more than 15 to around 4-6 sites. The short-list of 4-6 sites will ideally be somewhat diverse both from a geographical and level of supply chain and processing integration. As the Pryme organization has limited resources and most of our internal resource capacities are very occupied with the Pryme One activities, the Company engaged an external consultant for the initial site selection work. Pryme expects to finalize the short-list during Q3, 2024.

- Funding

On March 25, 2024, Pryme N.V. announced that it had entered into agreements with certain investors for the subscription of a total of 12,672,933 new ordinary shares in the Company in a privately negotiated private placement with gross proceeds of EUR 12 million, corresponding to approximately NOK 139.4 million based on a EUR:NOK exchange ratio of 1:11.6170. The subscription price in the Private Placement was EUR 0.9469 per share, corresponding to NOK 11.00 per share based on the same exchange ratio. The private placement was approved by the Company's extraordinary general meeting on April 9, 2024.

The net proceeds to the Company from the Private Placement will be used for (i) the ramping up and optimization of the Company's first plant, (ii) the defining and executing of the Company's growth strategy including the development and permitting of the Company's future plant sites and for (iii) working capital and general corporate purposes.

As per June 30, 2024, 2,052,156 of the private placement shares had been issued. The remaining 10,620,777 shares have not yet been issued as the subscriber to these shares, Taranis Investment Limited ("Taranis"), has not yet established a VPS share register account. The subscription amount for the shares subscribed to by Taranis has been paid in. Consequently, in order to give Pryme access to the funds paid in by Taranis, its private placement subscription has been converted into a convertible loan with 0% interest that will be converted at the private placement issue price at the time Taranis obtains a VPS share register account. The convertible loan can only be settled with the delivery of the 10,620,777 private placement shares.

- **IMPACT/ ESG**

During the first half of 2024, Pryme's focus shifted from construction and hot commissioning towards ramping up production and delivering its first pyrolysis oil. This changed Pryme's risk profile. Fortunately, no safety incidents were reported, underscoring Pryme's commitment to maintaining a robust safety culture. Operating in a high-risk petrochemical environment, it is imperative that we continue to prioritize safety first. Ensuring the health and safety of our employees, contractors, and the environment in which we operate, remains Pryme's top priority.

The start of the production also triggered the preparation of mass balance calculations. For Pryme, this is a learning cycle as we are putting a pioneering production facility into operation. Related to the current volatile and highly fluctuating production rates, the related measurements are not accurate and, in some areas, not complete due to missing measurement devices. Going forward these measurements will be validated and improved, both to improve production efficiency and to provide resilient data relating to Pryme's performance and sustainability goals.

Pryme implemented its Code of Conduct and related reporting procedures including staff training sessions. In June the personal data protection policy has been implemented.

- **Organization and board**

Ferry Lupescu, Pryme's CFO continued working until the end of March 2024 as per the terms of his agreement and was temporarily replaced by Frans Vollering.

In June 2024 Pryme hired a maintenance manager for Pryme One. The start of the production for a pioneering technology at a company's first plant requires a dedicated maintenance manager in order to institutionalize the learnings from Pryme One and ensure proper preventative maintenance protocols and spare parts availability.

On April 9, 2024, the Company's extraordinary general meeting (EGM) resolved to appoint Emmanuel Colombel a supervisory board director. Emmanuel's term is until the Company's annual general meeting in 2027.

Subsequent events

On July 2, 2024, Pryme delivered its first oil to Shell, the Company's pilot customer.

In July, 2024 the first production with the twin screw extruder was initiated. Up until that point all production has taken place by feeding the reactor from the one-screw extruder. As has previously been disclosed, the Pryme One installation consists of two extruders utilizing different technologies. The findings from Pryme One will guide the Company in selecting the optimal extruder configuration for future Pryme plants.

On July 2, 2024, Pryme was also classified as an ISCC PLUS collection point following an additional ISCC PLUS audit. This gives Pryme more freedom as to selecting feedstock suppliers.

As announced on March 20, 2024, Christopher Hervé, Pryme's CEO has submitted his resignation. Christopher's last workday was on, July 5, 2024. In the period until a new CEO is in place, Pryme has implemented a robust leadership transition arrangement to safeguard seamless operations. Pascal Spiekerman, Pryme's COO, and Frans Vollering, Pryme's CFO, serve as statutory directors of Pryme N.V. Additionally, Pryme's chairman of the supervisory board is involved in the managing of the company. The search for a new CEO with a profile that aligns with the company's priorities is progressing, and when the new CEO has been appointed, this will be announced.

Outlook – 2024

The primary focus of Pryme in the short term is to ramp up production volumes from its Pryme One facility in a stable fashion while implementing necessary adjustments, modifications and enhancements to the installation. As described earlier, this is a tedious process which from time to time requires additional equipment to be delivered with associated lead times of up to several weeks. Pryme estimates that it will produce and sell between 250 and 500 metric tons of pyrolysis oil during Q3 2024.

In addition, the Company is focusing on completing the site selection study, narrowing down the long list of potential sites to 4-6 actionable sites, in Q3 2024.

2024 HALF YEAR INTERIM FINANCIAL STATEMENTS

- UNAUDITED FIGURES -

Consolidated Statement of Financial Position		
<i>(In EUR * 1,000)</i>	30-6-2024	31-12-2023
Assets		
Non-current assets		
Intangible assets		
Development costs	5.518	6.132
Property, plant, and equipment		
Plant and equipment	35.804	39.038
R&D equipment	646	775
Office improvements & furniture	90	107
Right-of-use assets	3.715	5.661
Financial assets		
Other amounts receivable	176	175
Deferred taxes	1.090	1.608
Total non-current assets	47.039	53.496
Current assets		
Inventories	131	83
Trade receivables, other receivables and prepaid expenses	1.196	1.412
Cash & cash equivalents	10.429	8.204
	11.756	9.700
Assets held for sale	1.424	0
Total current Assets	13.180	9.700
Total Assets	60.219	63.196
Equity & Liabilities		
Group Equity	31.745	39.479
Provisions		
Provision for decommissioning	654	638
Liabilities		
Non-current liabilities		
Government grants	1.878	1.949
Payables to banks	6.506	6.901
Leasing liabilities	3.104	5.136
Deferred taxes	1.108	1.608
Other liabilities	-	272
Total non-current liabilities	12.596	15.866
Current liabilities		
Payables to banks	778	756
Leasing liabilities	715	668
Trade payables	1.796	1.713
Payables relating to taxes and social security contributions	110	183
Other liabilities and accrued expenses	11.825	3.893
Total current liabilities	15.224	7.212
Total equity and liabilities	60.219	63.196

Notes to the Consolidated Statement of Financial Position

Accounting policies

There were no reclassifications or changes in accounting policy in the first half year of 2024, except for the reclassification of the assets and liabilities related to the Amsterdam site.

Financial position

Following the completion of the Pryme One installation at the end of 2023, Pryme has paid most of its construction related suppliers, which initially resulted in a strong reduction in trade payables and other liabilities and accrued expenses and cash balance. As of 30 June 2024, this effect is largely offset by capital expenditures related to improvement of the installation and the annual insurance premium.

Assets held for sale

On February 6th Pryme decided to put up the Amsterdam site for sale. In the balance sheet as of 30 June 2024 all related assets and liabilities have been reclassified as assets held for sale. The assets held for sale encompass:

Assets held for sale

Assets

Plant and equipment	1.800
Right-of-use assets related to ground lease	1.892
Deferred taxes	506
	4.198

Liabilities

Non-current leasing liabilities related to ground lease	-1.861
Non-current liability related to overdue ground lease terms	-217
Deferred taxes	-488
Current leasing liabilities related to ground lease	-100
Current liability related to overdue ground lease terms	-108
	-2.774
Net assets directly associated with the anticipated disposal of the Amsterdam site	1.424

Capital increase and unsecured term loan

As per the resolution by the extraordinary general meeting of the Company on April 9, 2024, Pryme NV decided to issue the 12,672,933 new shares through a private placement. The issuance of 2,052,156 of the new shares took place in April 2024. The subscriber to the remaining 10,620,777 shares in the private placement, Taranis Investment Limited (“Taranis”), has paid the subscription amount, however, it has not yet established a VPS share register account. Once Taranis has opened such VPS share register account, these shares will also be issued. The related Taranis subscription for EUR 10.056 thousand has been converted into a short-term convertible loan, which is disclosed under other liabilities and accrued expenses.

As announced on June 6, 2024 Pryme has entered into an unsecured term loan facility agreement with Netherlands based Energietransitiefonds B.V. (ETF-R) in the amount of EUR 4,000,000 or, at Pryme’s option, EUR 5,000,000 with a term until June 2027. The loan has not been drawn as of 30 June 2024. Pryme expects to draw the loan amount before December 2024 and apply the liquidity to fund the development of new production sites, the continued improvement of Pryme One and for general corporate expenses. The development of new production sites includes general technology development, site selection and development, permit applications and front-end plant engineering.

Related party transactions

In June 2024 Pryme NV and Nivus BV terminated the consultancy agreement between Pryme NV and Nivus BV. Nivus BV is owned by Jos van der Endt, previously CEO and a currently a major shareholder of Pryme NV. Both parties agreed to immediately end the consultancy agreement which originally had a term until May 2026 for a consideration of EUR 54K.

Consolidated Statement of Profit and Loss				
<i>(In EUR * 1,000)</i>	Half year 2024		Half year 2023	
Revenues		32		0
Cost of sales	-33		0	
Cost of production - variances	-6.441		0	
Gross margin		-6.442		0
Expenses				
Personnel expenses	-1.629		-1.225	
Social security premiums and pension costs	-143		-183	
Other expenses	-814		-1.085	
Total expenses		-2.586		-2.493
Operating income (EBITDA)		-9.028		-2.493
Depreciation and amortization (non-absorbed)		-736		-507
Operating result (EBIT)		-9.764		-3.000
Financial income		132		804
Financial expenses		-435		-886
Profit before taxes		-10.067		-3.082
Income tax		0		42
Net profit (loss)		-10.067		-3.040
Basic earnings as per ordinary share (in EUR)		-0,21		-0,08
Diluted earnings as per ordinary share (in EUR)		-0,16		-0,06

Notes to the Consolidated Statement of Profit and Loss

- In the first quarter Pryme produced its first pyrolysis oil. In the second quarter Pryme realized its first delivery to a customer.
- Production increased from 6 metric tons in Q1 2024 to 114 metric tons pyrolysis oil in Q2 2024.
- Cost variances are calculated against the standard cost price, which is based on the name plate capacity of Pryme One. The negative variances mainly relate to the low volumes produced in the first half of 2024 compared to the name plate capacity.
- The total personnel costs amounted to EUR 3.805K, reflecting the costs of the introduction of the 24/6 work shift regime and Pryme One being in operational mode.

Consolidated Statement of Changes in Equity					
<i>(In EUR * 1,000)</i>	Share capital	Share premium reserve	Share- based payments reserve	General reserve	Total equity
Balance at 1 January 2024	2.419	59.874	455	-23.269	39.479
Result for the period				-10.067	-10.067
Issue of shares (Private Placement)	103	1.799			1.901
Accrued for LTI plan			432		432
Issue of RSUs and exercise options LTI plan	5	145	-151	0	0
Balance as of 30 June 2024	2.527	61.818	736	-33.336	31.745

For further information regarding the private placement, please see the notes to the Financial Position and the further explanation under “Other notables and further descriptions of activities and accomplishments for the reporting period”.

Consolidated Statement of Cash Flow

(In EUR * 1,000)

	Half year 2024	Half year 2023
Cash Flows from/used in operating activities		
<i>Net income after taxes</i>	-10.067	-3.040
<u><i>Adjustments to reconcile net income to net cash flows</i></u>		
Amortization and depreciation	3.444	529
Impairment PPE	0	0
Long-term incentive plan	432	121
Interest charges related to leases	184	144
Movements in provisions	16	0
Movement in government grants	-216	-93
Finance income	-132	-94
Finance expense/ exchange differences (non-lease)	251	-5
<u><i>Movements in working capital</i></u>		
Movements in inventory	-48	0
Movements accounts receivable	-413	84
Movements in trade payables	83	306
Movements in other payables	7.996	-3.132
Interest received	129	59
Interest paid	-466	-176
Net Cash Flow from operating activities	1.195	-5.296
Cash Flow from investment activities		
Purchase of intangible assets	0	-51
Purchase of property, plant & equipment	-875	-5.674
Increase/decrease of financial assets	0	8
Government grants received	644	2.320
Net Cash Flow from investment activities	-231	-3.396
Cash Flow from financing activities		
Private placement	1.901	14.741
Payments arising from bank financing	-373	-179
Payments arising from lease liabilities	-346	-351
Proceeds sale and lease-back	133	267
Repayment other non-current liabilities	-54	-204
Net Cash Flow from Financing Activities	1.261	14.273
Total Cash Flow for period	2.225	5.581
Cash and cash equivalents at the beginning of the period	8.204	11.519
Net Cash Flow in the period	2.225	5.581
Cash and cash equivalents at the end of the period	10.429	17.100

STATEMENT BY THE MANAGEMENT BOARD

The Management Board has today considered and approved the Half Year 2024 Report of Pryme N.V. for the period from 01.01.2024 through 30.06.2024. We confirm, to the best of our knowledge, that the financial information contained in this report has been prepared in accordance with International Financial Accounting Standards-EU (IFRS) and gives a true and fair view of Pryme N.V. and its group companies' assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the updates in this report include a fair review of important events that have occurred during the first half of the financial year 2024 and that their impact on the condensed set of consolidated financial statements is reflected adequately.

Rotterdam, August 2nd, 2024

Pascal Spiekerman Frans Vollering
Management Board Pryme N.V.

Henning E. Jensen Michiel Kool Emmanuel Colombel Boudewijn van Vliet Jan Willem Muller
Supervisory Board Pryme N.V.

About Pryme | www.pryme-cleantech.com

Pryme N.V. is an innovative cleantech company focused on converting plastic waste into valuable products through chemical recycling on an industrial scale. Its efficient and scalable technology is based on a proven pyrolysis process that has been further developed and enhanced with proprietary characteristics. The company has initialized production at its first plant in the port of Rotterdam, with an expected nameplate intake capacity of about 40,000 tons of plastic waste annually. Pryme's ambition is to contribute to a low-carbon, circular plastic economy and to realize the large rollout potential of its technology through the development of a broad portfolio of owned-operated plants with strategic partners. The company is listed on Euronext Oslo Growth market. Pryme can be followed on LinkedIn.