

PRYME N.V.
Q3 2024 Report



November 7th, 2024

Forward Looking Statements

This Q3 2024 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 of 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,

Being a pioneering company in the developing advanced recycling industry is certainly exciting and challenging. For more than 10 years, Pryme has been active in designing and building an industrial scale advanced recycling plant. Following the first production of pyrolysis oil early in 2024, the Pryme team has been committed to making improvements to the Company's industry leading first plant, Pryme One.

Following an intense period since the production of the first oil, Pryme One has been in operation for more than 400 hours during which a total volume of 302 metric tons of pyrolysis oil was produced until the date of this quarterly report. The main reasons for the low production to date have been the slow feed rates of feedstock and short production runs. The low production rates are a consequence of the deliberate focus of Pryme's operational staff on learning from the early production runs rather than maximizing production volumes although short bursts of high production rates have been achieved. When production runs are short, significant time is lost in the start-up and shutting down of the installation. The combined effect of short runs at low production rates has resulted in a low total volume produced to date. For reference, more than 30 production runs have taken place since January 2024.

During this time Pryme has gained important insights into the Pryme One installation. For perspective, the Pryme One facility contains proven and partly standard components such as walking floors, conveyor systems, extruders, reactors, condensation units, a thermal oxidizer and storage facilities with some proprietary modifications. Following multiple improvements and changes, the Company is satisfied that all the components of Pryme One are generally functioning well and it believes that the overall technical setup is capable of semi-continuous production for the conversion of plastic waste feedstock into pyrolysis oil. As a sign of a good industrial process, the char or ash produced is dry and free of hydrocarbons and we have not experienced higher than anticipated levels of waxing or fouling of the installation. The oil produced is of a general quality that our existing and potential customers can accept in this phase of early production.

However, as a team and as a company, Pryme is not satisfied with the speed of ramping up production. For this reason Pryme has brought together an expert group of technical and operational personnel with additional assistance from external advisors. Their work has focused on accelerating the ramp-up of production by pinpointing areas needing improvement, proposing specific improvements to the plant hardware and procedures and implementing these changes in an efficient manner. The results of this work will also serve to further improve and mature the design of Pryme's next plants.



On October 29, 2024, the Company published a trading update in which among other matters Pryme outlined the reduced expected production capacity of Pryme One. The trading update also included a reduction in the planned production levels for the short term. Although the information in the trading update represented a setback compared to earlier expectations, a solid and experience-based foundation has been established including a revised production capacity estimate for Pryme One.

Through the work of the expert group, Pryme is confident that it has built a solid production plan for the next 12 months. The plan is based on a structured and risk-based approach to addressing the current constraints of the Pryme One installation. The plan includes testing of the various components at or near full capacity, both separately and together. This work is important not only in order to ramp up the Pryme One production, but also to provide a solid experience-based foundation for Pryme's future plant design and basic engineering.

The production plan for the next 12 months has been established on the basis of clear problem identification, mitigations and resulting increases in production volumes. For 2025, Pryme expects to produce limited volumes in the first two quarters driven by structured component testing and hardware improvements. In the second half of 2025 Pryme expects to sharply ramp up production levels towards the effective capacity level of Pryme One.

The enormous commitment and motivation of the Pryme team is an important factor in our future success. I am impressed by the positive spirit of the entire team and its ability to fix problems and convert setbacks into improvements. The performance of the technical and operational team is and will be essential to Pryme's success and the stellar engagement of management and staff is very much appreciated. Our pioneering effort continues to be driven by a strong belief in the Pryme mission and will require commitment, resilience as well as some personal sacrifices. I want to take this opportunity to thank everyone in the Pryme team for their contributions to date. That being said, we still have a long path ahead of us and we will need to keep up the intensity going forward. I am convinced that the Pryme team will live up to this and realize the Pryme success we all strive for.

Sincerely,

Henning E. Jensen

Chairman of the Supervisory Board, Pryme N.V.

Key highlights Q3 2024

- Pryme produced 116 metric tons in the third quarter of 2024 which brings the third quarter year-to-date oil production to 236 metric tons of pyrolysis oil produced. The longest continuous production run in the third quarter lasted for around 100 hours.
- Pryme received ISCC PLUS certification as a collection point following a successful additional ISCC PLUS audit. This comes in addition to the already awarded ISCC PLUS certification as a processing unit.
- Pryme's main focus remains to bring the Company's first production plant to full capacity through continued production ramp up.

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

- Pryme One Production

Production at Pryme One has ramped up at a slower rate than originally anticipated. The main reasons for the lagging Pryme One production rate are related to the overall process layout and the oil yield levels. Pryme One has a semi-continuous process where all steps in the process are designed for continuous operation except for the reactor feeding and the dumping of char/ash. Operational experience gained to date indicates more downtime for reactor feeding and equipment maintenance and cleaning and hence a lower plant availability and capacity than previously assumed.

As an integral part of the ramping up of the production rates of Pryme One, Pryme established an expert group of technical and operations personnel with assistance from external advisors. Their work is intended to accelerate the ramp-up of production by pinpointing areas needing improvement, proposing specific improvements to the plant hardware and procedures and implementing these changes in an efficient manner. This activity was initiated in the third quarter and is anticipated to continue through the ramp-up period.

- ISCC PLUS (collection point)

On 2 July 2024 Pryme was awarded its second ISCC PLUS certificate. Next to ISCC PLUS certification as a processing unit, obtained in Q2 2024, Pryme also has been certified under ISCC PLUS requirements as a collection point. This gives Pryme more freedom as to selecting feedstock suppliers.

- Sampling pyrolysis oil and storage capacity

During the past months Pryme has gained experience with the process for analyzing samples of the produced pyrolysis oil. In general, pyrolysis oil is a complex product to analyze. Therefore, extensive sampling and testing must be performed before the pyrolysis oil can be delivered to the customer. Given the limited storage capacity of some 120 metric tons at the Pryme One site and the sampling time required, Pryme is temporarily renting additional tank storage capacity for pyrolysis oil.

- New site selection process

In July 2024 Pryme concluded its initial site selection study with the assistance of an external consultant. The purpose of this study was to narrow down the number of potential sites from more than 15 to around 4-6 sites. The outcome of the study is a short-list of 5 sites in Northwestern Europe. The lead time from having selected a site until the start of production is estimated to be around 3 years. The critical path items associated with bringing new plants to production are permitting and the delivery of long-lead production equipment. Permit applications can only be submitted when the plant design and environmental footprint have been frozen at a high level. Although Pryme is progressing with internal basic design and engineering activities the Company does not contemplate initiating external basic engineering work before the planned capacity tests of Pryme One have been completed in the Q1/Q2 timeframe.

- Funding

As of 30 June 2024, in partial completion of the Private Placement of 25 March 2024, 2,052,156 of the private placement shares had been issued. The remaining 10,620,777 shares had not been issued as the subscriber to these shares, Taranis Investment Limited ("Taranis"), had not yet established a VPS share

register account. The subscription amount for the shares subscribed to by Taranis (EUR 10,056,000) had been paid in and in order to give Pryme access to these funds, Taranis' private placement subscription was converted into a convertible loan at 0% interest on 25 June 2024 with the approval of the Extraordinary General Meeting of shareholders. On 17 September 2024, the convertible loan was settled through the issuance and delivery of 10,620,777 new shares to Taranis.

- **IMPACT/ ESG**

Pryme is operating in a hazardous petrochemical environment. Ensuring the health and safety of our employees and contractors, and protecting the environment in which we operate, remains Pryme's top priority. No safety incidents were reported in Q3 2024.

Pryme One's mass balance calculations are still impeded by the fluctuating production output. Some of the required measurements are not accurate and, in some areas, not complete due to missing measurement devices. The update of the Life Cycle Analysis has therefore been postponed until we have established stable production conditions. Going forward we will work hard to validate and improve the required measurements and generate reliable data to enable evaluating Pryme's performance and progress on sustainability goals.

In Q3 2024 Pryme assessed and documented its cyber security risks. Cyber security awareness training for management and staff is scheduled in Q4.

- **Organization and board**

Upon the departure on 5 July 2024 of Pryme's previous CEO, Christopher Hervé, Pascal Spiekerman, COO, and Frans Vollering, CFO, have assumed the role of statutory directors of Pryme N.V.. During this transition period the chairman of the supervisory board of Pryme has provided close oversight of the management of the company. In combination, this has ensured appropriate leadership and business continuity.

Subsequent events

On 18 October 2024, Pryme drew the unsecured loan in the amount of EUR 5 million under the term loan facility agreement entered into with Netherlands based Energietransitiefonds B.V. on 6 June 2024.

On 29 October 2024 Pryme issued a trading update titled: "Pryme lowers its capacity and production estimates for Pryme One, its first production plant, and confirms the technical capabilities of its technology and foresees additional funding needs." The trading update related to the revised production plan for the next 12 months.

Effective 4 November 2024, Marieke Bleyenbergh was named interim CEO of Pryme. Please see the separate announcement made on 4 November 2024 for more information. Marieke has also assumed the role of statutory director of Pryme N.V. as of the same date, following the resignation of Pascal Spiekerman, COO, and Frans Vollering, CFO, as statutory directors of Pryme N.V.

Outlook

For the fourth quarter, Pryme expects to produce between 80 and 120 metric tons of pyrolysis oil. The reason for the lower estimated fourth quarter production is that a replacement of reactor seals is required, most likely as a result of the many temperature cycles experienced in the intermittent production runs to date. Following the replacement of these seals in the fourth quarter, Pryme expects to ramp up production of pyrolysis oil in each of the subsequent quarters with the goal of achieving production volumes at or near full capacity by the end of 2025.

As reported under Q3 activities Pryme has prepared a production plan for the next 12 months based on a structured and risk-based analysis of hardware and procedural modifications needed to address current capacity constraints in the Pryme One plant. This includes testing each of the various components and the reactor train as a whole at or near full capacity. This program of tests and modifications has started and is expected to run until the third quarter of 2025.

The production plan gives a solid risk-based estimate of production volumes for the next 12 months. Pryme expects to produce limited volumes in the first two quarters of 2025 driven by structured component testing and hardware improvements. In the second half of 2025 Pryme expects to sharply ramp up production levels towards the effective capacity level of Pryme One.

2024 3rd QUARTER INTERIM FINANCIAL STATEMENTS

- UNAUDITED FIGURES –

Consolidated Statement of Financial Position			
<i>(In EUR * 1,000)</i>	30-9-2024	30-6-2024	31-12-2023
Assets			
Non-current assets			
Intangible assets			
Development costs	5.212	5.518	6.132
Property, plant, and equipment			
Plant and equipment	35.009	35.804	39.038
R&D equipment	612	646	775
Office improvements & furniture	82	90	107
Right-of-use assets	3.534	3.715	5.661
Financial assets			
Other amounts receivable	176	176	175
Deferred taxes	937	1.090	1.608
Total non-current assets	45.562	47.039	53.496
Current assets			
Inventories	249	131	83
Trade receivables, other receivables and prepaid expenses	1.042	1.196	1.412
Cash & cash equivalents	4.566	10.429	8.204
	5.857	11.756	9.700
Assets held for sale	1.472	1.424	0
Total current Assets	7.329	13.180	9.700
Total Assets	52.891	60.219	63.196
Equity & Liabilities			
Group Equity	37.221	31.745	39.479
Provisions			
Provision for decommissioning	662	654	638
Liabilities			
Non-current liabilities			
Government grants	1.387	1.878	1.949
Payables to banks	6.304	6.506	6.901
Leasing liabilities	2.824	3.104	5.136
Deferred taxes	957	1.108	1.608
Other liabilities	0	-	272
Total non-current liabilities	11.472	12.596	15.866
Current liabilities			
Payables to banks	790	778	756
Leasing liabilities	819	715	668
Trade payables	638	1.796	1.713
Payables relating to taxes and social security contributions	38	110	183
Other liabilities and accrued expenses	1.251	11.825	3.893
Total current liabilities	3.536	15.224	7.212
Total equity and liabilities	52.892	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 third quarter of 2024.

Financial position

Following the completion of the Pryme One installation at the end of 2023, Pryme has paid all invoices for the construction related supplier equipment and services. Capital expenditures in the third quarter of 2024 were mainly related to improvements of the installation and amounted to EUR 0.4 million.

Settlement of the convertible loan

On 17 September 2024, the convertible loan has been settled with the issue and delivery of the 10,620,777 new shares.

Related party transactions

In Q3 2024 no related party transactions occurred.

Consolidated Statement of Profit and Loss					
<i>(in EUR * 1,000)</i>	Q3 2024	Q2 2024	Q3 2023	Q3 YTD, 2024	Q3 YTD, 2023
Revenues	29	32	0	61	0
Cost of sales	-25	-33	0	-58	0
Cost of production	-3.318	-3.505	0	-9.759	0
Gross margin	-3.314	-3.506	0	-9.756	0
Engineering, Sales and General Admin Expenses					
Personnel expenses SG&A	-490	-717	-1.197	-2.119	-2.422
Social security premiums and pension costs	-57	-62	-115	-200	-298
Other expenses SG&A	-327	-502	-874	-1.142	-1.959
Total expenses	-874	-1.281	-2.186	-3.461	-4.679
Operating income (EBITDA)	-4.188	-4.787	-2.186	-13.217	-4.679
Depreciation and amortization (non-absorbed)	-369	-369	-298	-1.105	-805
Operating result (EBIT)	-4.556	-5.156	-2.485	-14.322	-5.485
Financial income	51	86	108	183	912
Financial expenses	-236	-231	-102	-671	-987
Profit before taxes	-4.741	-5.301	-2.479	-14.810	-5.560
Income tax	0	0	0	0	0
Net profit (loss)	-4.741	-5.301	-2.479	-14.810	-5.560
Basic earnings as per ordinary share (in EUR)	-0,10	-0,11	-0,05	-0,31	-0,13
Diluted earnings as per ordinary share (in EUR)	-0,08	-0,08	-0,05	-0,23	-0,11

Notes to the Consolidated Statement of Profit and Loss

- In the third quarter Pryme produced 116 metric tons of pyrolysis oil compared to 6 and 114 metric tons in the first and second quarter respectively. The delivery of pyrolysis oil to customers was delayed related to the time required for sample testing and the off-spec quality of the pyrolysis oil product. This is reflected in the increase of inventories.
- The total personnel costs in Q3 2024 amount to EUR 1.411 thousand (Q3 2023 EUR 1.218 thousand), reflecting the personnel costs of Operations Pryme One, management and support staff (Engineering, R&D and SG&A).

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 July 2024	2.527	61.818	736	-33.336	31.745
Result for the period				-4.741	-4.741
Issue of shares (Private Placement)		-6			-6
Issue of shares (convertible loan)	531	9.525			10.056
Accrued resp. released re LTI plan			150	18	168
Balance as of 30 September 2024	3.058	71.337	886	-38.059	37.221

For further information regarding the private placement and convertible loan, 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)

	Q3 2024	Q3 2023
Cash Flows from/used in operating activities		
<i>Net income after taxes</i>	-4.741	-2.479
<u><i>Adjustments to reconcile net income to net cash flows</i></u>		
Amortization and depreciation	1.735	298
Long term incentive plan	149	151
Interest charges related to leases	89	78
Movements in provisions	8	0
Movement in government grants	-659	-50
Finance income & expense (non-lease)	314	-139
Finance expense/ exchange differences (non-lease)	144	-7
<u><i>Movements in working capital</i></u>		
Movements in inventory	-118	0
Movements accounts receivable	-428	124
Movements in trade payables	-1.158	732
Movements in other payables	-10.403	364
Interest received	69	98
Interest paid	-203	-316
Net Cash Flow from operating activities	-15.202	-1.146
Cash Flow from investment activities		
Purchase of intangible assets	0	-19
Purchase of property, plant & equipment	-425	-2.357
Increase/decrease of financial assets	0	-35
Government grants received	108	0
Net Cash Flow from investment activities	-317	-2.412
Cash Flow from financing activities		
Private placement (convertible loan)	10.051	-32
Payments arising from bank financing	-190	-228
Payments arising from lease liabilities	-151	-220
Proceeds sale and lease-back	0	233
Repayment other non-current liabilities	-54	-32
Net Cash Flow from Financing Activities	9.656	-279
Total Cash Flow for period	-5.863	-3.837
Cash and cash equivalents at the beginning of the period	10.429	17.101
Net Cash Flow in the period	-5.863	-3.837
Cash and cash equivalents at the end of the period	4.566	13.264

STATEMENT BY THE MANAGEMENT BOARD

The Management Board has today considered and approved the 2024 Q3 Report of Pryme N.V. for the period from 1 July 2024 through 30 September 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 third quarter of the financial year 2024 and that their impact on the condensed set of consolidated financial statements is reflected adequately.

Rotterdam, November 7th, 2024

Management Board Pryme N.V.

Marieke Bleyenbergh

Supervisory Board Pryme N.V.

Henning E. Jensen

Michiel Kool

Emmanuel Colombel

Boudewijn van Vliet

Jan Willem Muller

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 26,000 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.