

PRYME N.V.

HALF YEAR 2022 REPORT

The first half of 2022 was an exciting time of growth for Pryme N.V., as illustrated by the following highlights:

- The build project entered a critical phase as we started installing and assembling key process blocks of the plant. Having finished mounting the steel structure, we were able to install the feed-handling system, one extruder, the ash cooler, the quench column, and the reactor.
- Organizationally, a major shift took place as Christopher Herve assumed the role of CEO of Pryme moving our organization from a founder-based structure to a professionally led organization. In addition to this, key positions in the organization were filled. As a subsequent event, a new CFO will be hired with a starting date in September 2022 subject to final contract negotiations.
- Pryme made significant progress in renegotiating the terms of its pyrolysis oil supply agreement with Shell. This led to the signing in August 2022 of what is effectively a new supply agreement ensuring attractive economics for both parties.
- The company acquired an industrial site in Amsterdam including operating permits, providing optionality for a future project.
- The HSE Manual was successfully rolled out through the organization and a full time HSE adviser was hired to oversee and advise on HSE aspects of plant construction and operation.
- Pryme completed a capital raise in the form of a private placement and subsequent offering raising a gross amount of about EUR 18.5 million.

BUSINESS OVERVIEW

ACHIEVEMENTS IN H1 2022

Pryme One – Construction Update

Substantial progress in a challenging environment was achieved at Pryme One, the first production unit located in the Port of Rotterdam. Pryme One will have a plastic waste chemical recycling throughput of 40KT yielding 30KT of pyrolysis oil per annum.

The reporting period witnessed external supply chain issues, causing delivery delays of key process blocks. While having avoided significant inflation-driven cost overruns in the first year of construction, the company anticipates additional costs and potential delays for the remaining work to completion. Strict cost control measures are in place to limit the impact. The company plans to start partial commissioning in December 2022 while piping works will be finalised in February 2023 for hot commissioning to start in March 2023.



Organization

The organization was further strengthened during the reporting period.

The company appointed Christopher Herve as CEO. Christopher holds extensive international experience in the agricultural and bio-based chemical processing industry. He previously served in senior executive roles for Tereos both in Asia and Europe in addition to senior positions at Eurofins Scientific and Cargill. Christopher started in May 2022.

In February, Caroline Lievens started in her role as R&D Manager leading the lab-scale plant and innovations.

Three shift leaders joined the company with critical experience in managing production teams of complex petrochemical units and processes. They will be active during commissioning and start-up process troubleshooting while also being involved daily in hiring the production team operators.

In June Robin Jongen stepped in as Build Director, holding multiple decades of petrochemical project and building experience. He is a key addition to the team as the project closes in on critical mechanical, electrical and piping milestones.

In late August, Pryme selected the candidate for the CFO role. Subject to final contract negotiations, he will join the team mid-September. The candidate comes with decades of financial leadership and waste management experience.

Renegotiated Shell supply agreement

Pryme and Shell entered into a new supply agreement for pyrolysis oil, which effectively replaces the old supply agreement that was entered into as part of the strategic cooperation agreement in August 2021. The volumes to be supplied reflect an increase to the previous contract, while the market-based pricing secures attractive economics for both parties in a volatile environment.

Amsterdam

In February 2022, Pryme acquired the leasehold of an industrial site in the port of Amsterdam. The site comes with a concrete slab, permits for a pyrolysis plant and is suitable for a 35k tons pyrolysis plant. Pryme is considering potential next steps with this site.

Health, safety and environment

Regrettably, an incident occurred at our build site. A sub-contractor employee sprained his ankle while stepping off a cherry-picker. An investigation was conducted to determine the root cause and take corrective actions. Safety is and will remain our first and foremost priority.

The company rolled out the HSE Manual to all employees and hired a full-time HSE adviser to oversee the activities on the Pryme One site. Daily safety rounds are conducted by Pryme employees to ensure compliance of all parties acting on site.

Successful capital increase

Pryme successfully completed a private placement and subsequent offering for a total gross amount of about MEUR 18.5 in Q2 2022. The associated net amount was MEUR 17.5. In total 17'963'822 new shares were issued in the capital increase at a subscription price of NOK 10.00. The main new investor in the capital raise was Infinity Recycling, a circular economy ESG fund investing in the advanced recycling sector. Pryme is excited to welcome Infinity to its investor base and sees the investment as an acknowledgement of the large potential of the Pryme technology.

Market overview: regulatory and consumer tail winds ahead, concerns over energy prices

On the back of increasing EPR (extended producer responsibility) schemes and ongoing regulatory developments, chemical recycling activities continue to experience structural tail winds. Two significant petrochemical players (Shell and Neste) recently announced investments in upgrading facilities for pyrolysis oil, confirming future demand for this feedstock (pyrolysis oil) in the order of hundreds of thousands of tons per annum.

With the largest capacity single-reactor train under construction in Rotterdam, Pryme is at the forefront of pioneering plastic pyrolysis on an industrial scale, and through this enabling supply of circular plastic.

At the same time, Europe is witnessing large increases in power and gas prices which impact commercial calculations. Although Pryme does not believe the current levels will be sustained in the long run, and the new Shell supply contract offers much improved economics, Pryme does not expect to be able to offset the increases in power prices entirely through increased sales prices. The impact on operational margin is expected to be most pronounced during commissioning when the plant does not run at high efficiency levels (i.e., output is low and energy consumption high) and before the use of process gases has been enabled.

Engineering studies are ongoing to enhance Pryme's process with a gas turbine fuelled by the non-condensable gases from our production. This will significantly improve the economics of operating in a high energy price environment by offsetting our net exposure to power prices.

Plastic feedstock

The company is in the final stage of concluding a plastic feedstock supply contract with a strategic supplier for the commissioning and ramp up phases of the Pryme One location.

The processed feedstock will initially be of high purity to ensure a smooth startup and to ensure compliance with quality specifications. Over time, Pryme will lower the average quality of the feedstock to optimize commercial calculations. Pryme has reason to believe its technology allows the use of lower purity feedstock than most competing technologies.

Lab-scale plant, in partnership with University of Ghent

Pryme's state-of-the-art R&D centre located in the premises of the University of Ghent will become operational in Q3 2022 having received the delivery of the reactor in July 2022. The company R&D effort will focus on the relation between feedstock composition and crude pyrolysis oil output quality while also exploring post treatment oil purification. Combining first of a kind scalable technology with cutting edge R&D will enable the company to operate on a broader blend of waste streams requiring less pre-treatment.

Looking ahead

Operating in a fundamentally supported business environment for circular, low-carbon solutions, the Pryme team remains focused on the timely delivery and successful start-up of Pryme One, its first industrial-scale pyrolysis plant. Demonstrating and validating Pryme's industrial processes and unlocking economies of scale in plastic chemical recycling will position Pryme as the leading pioneer.

Through the funding activities to date, Pryme secured the necessary liquidity to design, execute and finalize the build of Europe's largest plastic waste pyrolysis plant. Looking ahead, the challenging current geopolitical situation and resulting economic environment will require the company to secure additional funding to ensure smooth operations through 2023. Discussions are being held with several potential strategic investors.

Pryme will be presenting the company's capabilities and strategy during the September Pareto Securities Energy and Renewables Conference in Oslo with Christopher Herve, CEO, as speaker.

INTERIM FINANCIAL STATEMENTS

– UNAUDITED FIGURES –

BALANCE SHEET per 30.06.2022

| | 30-6-2022 | 31-3-2022 | 31-12-2021 |
|---------------------------------|---------------------|---------------------|---------------------|
| Assets | | | |
| Fixed Assets | | | |
| Intangible fixed assets | | | |
| Development costs | € 3.198.354 | € 3.193.040 | € 3.148.210 |
| Tangible fixed assets | | | |
| Buildings | € 3.519.352 | € 3.519.352 | € - |
| Machinery | € 26.403.673 | € 22.487.440 | € 19.550.504 |
| Other fixed assets | € 165.342 | € 90.881 | € - |
| Financial fixed assets | | | |
| Other amounts receivable | € 244.191 | € 244.191 | € 50.752 |
| Total fixed assets | € 33.530.912 | € 29.534.904 | € 22.749.466 |
| Current assets | | | |
| Receivables | € 1.571.684 | € 1.317.453 | € 1.279.160 |
| Cash & cash equivalents | € 14.972.493 | € 4.034.214 | € 8.240.674 |
| Total Assets | € 50.075.089 | € 34.886.571 | € 32.269.300 |
| Equity & Liabilities | | | |
| Equity | | | |
| Share capital | € 1.648.191 | € 15.000 | € 15.000 |
| Paid in excess of Par | € 42.609.786 | € 26.743.639 | € 29.101.194 |
| Retained earnings | € -2.133.173 | € -947.342 | € -2.357.555 |
| Long Term liabilities | | | |
| Accruals and deferred income | € 4.991.511 | € 4.991.511 | € 4.991.511 |
| Current liabilities | | | |
| Trade payables | € 765.711 | € 1.848.067 | € 350.561 |
| Other liabilities | € 2.193.063 | € 2.235.696 | € 168.589 |
| | € 50.075.089 | € 34.886.571 | € 32.269.300 |

EQUITY MOVEMENTS STATEMENT H1 2022

| | Share Capital | Share Premium Reserve | Legal & Statutory Reserve | General Reserve | Total Equity |
|---------------------------|--------------------|-----------------------|---------------------------|---------------------|---------------------|
| Balance at 1 January 2022 | € 15.000 | € 30.054.979 | € 3.148.210 | € -6.459.550 | € 26.758.639 |
| Listing 03-05-2022 | € 1.504.074 | € 13.676.741 | | | € 15.180.815 |
| Listing 28-6-2022 | € 129.117 | € 2.189.407 | | | € 2.318.524 |
| Result for the period | € - | € - | € - | € -2.133.173 | € -2.133.173 |
| Balance at 30 June, 2022 | € 1.648.191 | € 45.921.127 | € 3.148.210 | € -8.592.723 | € 42.124.804 |

PROFIT & LOSS STATEMENT H1 2022

| | YTD | Q2 | Q1 | 31-12-2021 |
|---------------------------------|---------------------|---------------------|-------------------|---------------------|
| Operating revenue | € - | € - | € - | € - |
| Cost of Sales | € - | € - | € - | € - |
| Gross Margin | € - | € - | € - | € - |
| Operating expenses | | | | |
| Personnel costs | € -773.195 | € -460.943 | € -312.252 | € -890.019 |
| Other employee related expenses | € -223.341 | € -106.639 | € -116.702 | € -278.831 |
| Rental expenses | € -336.457 | € -176.550 | € -159.907 | € -228.838 |
| SG&A expenses | € -782.781 | € -434.198 | € -348.583 | € -897.037 |
| Total operating expenses | € -2.115.774 | € -1.178.330 | € -937.444 | € -2.294.725 |
| Depreciation | € - | € - | € - | € - |
| Operating result | € -2.115.774 | € -1.178.330 | € -937.444 | € -2.294.725 |
| Financial income / (expense) | € -17.399 | € -7.501 | € -9.898 | € -62.830 |
| EBIT | € -2.133.173 | € -1.185.831 | € -947.342 | € -2.357.555 |
| Income tax expense | € - | € - | € - | € - |
| Total of result after tax | € -2.133.173 | € -1.185.831 | € -947.342 | € -2.357.555 |

CASH FLOW STATEMENT H1 2022

| | YTD | Q2 | Q1 | 31-12-2021 |
|----------------------------------------------------------|---------------------|---------------------|---------------------|--------------------|
| Cash flow from operating activities | | | | |
| Operating result | € -2.115.774 | € -1.178.330 | € -937.444 | € -2.294.725 |
| Adjustments for | | | | |
| Depreciation | € - | € - | € - | € - |
| Changes in working capital | | | | |
| Movements accounts receivable | € -292.524 | € -254.231 | € -38.293 | € -173.218 |
| Movements in other payables | € 2.439.624 | € -1.124.989 | € 3.564.613 | € -185.300 |
| Total cash flows from operations | € 31.326 | € -2.557.550 | € 2.588.876 | € -2.653.243 |
| Financial income | € -17.399 | € -7.501 | € -9.898 | € -62.830 |
| Total cash flow from operating activities | € 13.927 | € -2.565.051 | € 2.578.978 | € -2.716.073 |
| Cash flow from investment activities | | | | |
| Purchase of intangible fixed assets | € -50.144 | € -5.314 | € -44.830 | € -857.536 |
| Purchase of tangible fixed assets | € -10.537.863 | € -3.990.694 | € -6.547.169 | € -10.818.918 |
| Purchase of financial fixed assets | € -193.439 | | € -193.439 | € -13.449 |
| Total cash flow from investment activities | € -10.781.446 | € -3.996.008 | € -6.785.438 | € -11.689.903 |
| Cash flow from financing activities | | | | |
| Public placement | € 18.412.967 | € 18.412.967 | € - | € 24.820.419 |
| Expenses relating to public placement | € -913.629 | € -913.629 | € - | € -2.173.923 |
| Total cash flow from financing activities | € 17.499.338 | € 17.499.338 | € - | € 22.646.496 |
| Total cash flow | € 6.731.819 | € 10.938.279 | € -4.206.460 | € 8.240.520 |
| Cash and cash equivalents at the beginning of the period | € 8.240.674 | € 4.034.214 | € 8.240.674 | € 154 |
| Total cash flow in the period | € 6.731.819 | € 10.938.279 | € -4.206.460 | € 8.240.520 |
| Cash and cash equivalents at the end of the period | € 14.972.493 | € 14.972.493 | € 4.034.214 | € 8.240.674 |

STATEMENT BY THE MANAGEMENT BOARD

The Management Board has today considered and approved the Half Year Report of Pryme N.V. for the period from 01.01.2022 through 30.06.2022.

We confirm, to the best of our knowledge, that the financial information contained in this report has been prepared in accordance with Dutch accounting principles 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 Business Overview in this report includes a fair review of important events that have occurred during the first half of the financial year 2022 and that their impact on the condensed set of consolidated financial statements is reflected adequately.

Rotterdam, 30 August 2022

Christopher Herve
CEO

Rik Van Meirhaeghe
EXECUTIVE DIRECTOR

Boudewijn van Vliet
EXECUTIVE DIRECTOR

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 is currently building its first plant in the port of Rotterdam with an initial annual intake of about 40,000 tons, which will start production in 2023.

Pryme's ambition is to contribute to a low-carbon, circular plastic economy and to realize the enormous rollout potential of its technology through the development of a broad portfolio of owned-operated plants with strategic partners.

The company is listed on the Euronext Oslo Growth market.

Pryme can be followed on LinkedIn.