Pryme

Annual Report 2023

Pryme at a Glance

1

2021 → 2022 → 2023

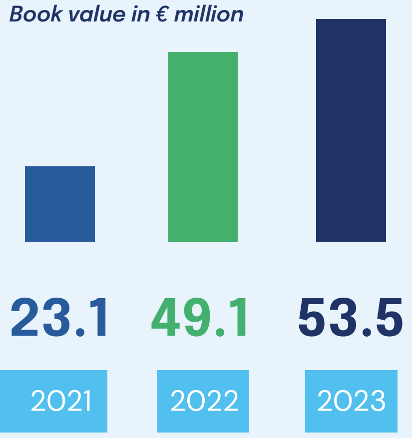
Headcount
12 → 19 → 42
STAFF

Cash on hand
8.2 → 11.5 → 8.2
€ MILLION

Equity
26.8 → 39.8 → 39.5
€ MILLION

Completion construction work
15 → 65 → 100
FIRST PLANT

Fixed assets
Book value in € million



Completion engineering work
100%
FIRST PLANT

Table of contents

CEO Letter

2

CEO Letter

Dear Shareholders and Stakeholders,

2023 was a breakthrough year for Pryme. Our focused strategy, based on our proprietary thermal chemical technology built around proven technology blocks successfully connected waste management supply chain flows with the production of pyrolysis oil which in turn supplies pyrolysis oil to the upgrading facilities of leading petrochemical companies. This supply chain is the key to transforming the previously linear plastic value chain into a sustainable circular model. And Pryme is in the center of this critical supply chain.

Despite facing construction and supply challenges in 2023, such as ongoing supply chain disruptions and labor shortages, and specific technological hurdles like the unforeseen need of externalizing over a thousand heating ring connectors from our reactor, Pryme achieved significant success in 2023. We successfully completed the construction of Pryme One, our first industrial-scale facility, in the port of Rotterdam. This accomplishment has not only drawn attention from key industry players but has also opened up opportunities for collaborative efforts in developing dedicated plastic waste supply streams and securing pyrolysis oil contracts for our future installations. Existing and new shareholders also valued Pryme's progress through a successful capital increase at premium pricing in 2023 where new and strategic investors participated.

As Pryme continues to navigate through the rapidly evolving landscape of the plastic recycling industry, it is evident that market developments are driving a strong momentum around advanced chemical recycling. Plastic waste, now recognized as a critical societal issue and a valuable resource, demands solutions that align with the pressing need to reduce carbon emissions. The urgency is underscored by fast-moving consumer-goods brand owners, who acknowledge that industries, particularly those centered around plastic packaging, must adapt to meet environmental standards and consumer expectations for a circular, no-waste economy.

Our impact strategy, PAct for Pryme Action, underlines our dedication to health, safety, and environmental stewardship, reinforcing our role in fostering circular plastic as a core societal obligation. This commitment is further validated by external audits and accolades, recognizing our adherence to industry standards as an uncompromised foundation for our future growth.

Pryme's progress from a plan in early 2022 to the operational stage of Pryme One in just 24 months underscores both our commitment and Pryme's capabilities. As we move into 2024, and the successful production of our first pyrolysis oil, we are shifting our focus from the construction of Pryme One to focusing on optimizing Pryme One and launching our rollout plan through a systematic industrial expansion. Our short-term vision includes establishing two or three commercial-scale facilities, with 120KT installations, that are already in early planning stages, in northwestern Europe.

Looking ahead, the best is yet to come for Pryme. After successfully completing the construction of Pryme One in 2023, producing first oil in January 2024, concluding the first complete process cycle in February 2024 and having initiated batches of continuous production in April 2024, we will further improve and optimize the plant performance of Pryme One. This valuable knowledge will be utilized when planning and constructing our future full-scale industrial plants. Our goal is to finalize site selections and launch the construction of new plants in the early 2025 timeframe, an ambitious goal, but in our opinion a realistic target. We remain true to our mission, backed by our skilled team of industry veterans, shareholders, and leadership, to pioneer advanced recycling technologies that champion circular plastics at an industrial scale.

Thank you for your ongoing trust and support.

Sincerely,
Christopher Hervé

CEO AND CHAIRMAN OF THE MANAGEMENT BOARD, PRYME N.V.

Board Report

3

Key highlights 2023

- **Health and safety standards** consistently improved throughout the year. There was one incident involving an operator at an offsite event in the third quarter. The employee quickly recovered.
- **Momentum for advanced recycling** has grown, with increasing global support and calls for action to advance recycling technologies.
- **Pryme One achieved mechanical completion** and made significant progress in hot commissioning during Q4-2023, paving the way for first oil production in January 2024.
- The organization's build-up reached 41.6 **full-time equivalents (FTEs)**, successfully transitioning from a project-based setup to a production-oriented company.
- **Research and development** activities in Ghent confirmed key operating parameters, supporting the final design and startup of Pryme One.
- **Two new contracts** for Plastic Pyrolysis Oil (PPO) were secured for Pryme Two, and significant strides were made in renegotiating existing contracts to improve financial terms for Pryme One.
- **Efforts in feedstock** sourcing have ensured the availability of ample supply capacity for Pryme One and future projects.
- **Funding was secured** to support Pryme's operations into the first half year of 2024, with an additional capital raise realized in Q2-2024.

Market update

In 2023, Pryme stood at the forefront of advanced plastic recycling, responding adeptly to dynamic market and regulatory environments. The year saw significant progress in the global effort to reduce plastic pollution, with over 175 countries gathering under the United Nations Environment Program in Paris to deliberate on this challenge. On the back of these initiatives, Pryme's innovative technology, aimed at converting substantial volumes of plastic waste into pyrolysis oil, gained traction, reflecting a rising interest across the value chain in circular plastic solutions.

Throughout the year, the industry's momentum was evident. Petrochemical companies like Borealis, LyondellBasell, and Dow invest in converting pyrolysis oil into circular naphtha and Shell's progress in establishing an upgrading plant in the Netherlands underscored the sector's strong growth trajectory. These developments highlighted the industry's commitment to circular plastics while positioning Pryme as a critical value chain player, supplying key raw materials for these pioneering circular plastic processes.

In parallel, the launch of the Pyrolysis Oil Index by ICIS and the later introduction of similar indices by Argus demonstrates a market shift towards greater transparency and standardization in pricing. Such advancements are critical in creating a more predictable and scalable market for advanced recycling products, facilitating stakeholders across the value chain to make informed investment decisions.

Regulatory changes further shaped the landscape in which Pryme operates. The recent European Parliament's ban on the export of non-hazardous plastic waste to non-OECD countries by 2026 is set to disrupt waste management practices within the EU, pushing for more localized and sustainable recycling solutions. This regulation aligns with Pryme's mission to mitigate plastic pollution through industrial-scale recycling, highlighting the increasing need for innovative technologies like ours in a rapidly evolving market.

In summary

2023 was a year of substantial progress for Pryme and the advanced recycling industry at large. With increasing global awareness, supportive investments, evolving market mechanisms, and stringent regulations, the stage is set for transformative advancements in advanced recycling technologies. Pryme remains dedicated to leading this change, offering scalable and versatile solutions that contribute to a more sustainable and circular plastic future.

Pryme's strategic customer relationships, including two significant sales (off-take) agreements for supplying pyrolysis oil from our upcoming Pryme Two plant, underscore our robust business model and commitment to sustainable growth. These contracts, based on market-based pricing, reflect the viability and attractiveness of our offerings in the evolving landscape of circular plastics.

Construction of "Pryme One"

In 2023, Pryme One made substantial progress, completing construction, initiating hot commissioning, and achieving melted waste production as an intermediate process step.

- **By mid-September**, we finalized **mechanical completion** and advanced in both **cold and hot commissioning phases**. Our team efficiently tested our extruders converting plastic waste into melted plastic waste, secured all safety and operational standards for the condensation unit and 26 meter ground flare and seeded the quench column with a middle distillate starter fluid, required to condensate first oil production.
- **By October**, **all essential works were completed for operational readiness**, supported by over 20 operators successfully onboarded across five shift teams. We tackled multiple challenges, including reactor insulation and melt pipe pressure re-design changes, thanks to successful collaborations with our technology partners. This enabled the reactor to surpass 600 degrees Celsius during testing runs in December and produce our first oil
- **By December the year concluded with the closing of** our Engineering Procurement & Construction (EPC) partnership, finalizing all related certifications and payment agreement schedules.
- Despite many technical and supply chain disruption challenges, **the resourcefulness of the Pryme team has kept us on course for expected full-scale production in 2024**, with a forward focus on process improvement and efficiency enhancement.

Health and safety

In 2023, Pryme reinforced its commitment to health and safety with thorough safety assessments prior to conducting activities during the final building and commissioning works. This translated to an incident-free first half-year. However, Q3 saw a setback with an operator's ankle injury during an offsite team-building activity, he thankfully quickly recovered and rejoined our operations team. A third-party Pre-Startup Safety Review (PSSR) highlighted our team's effective safety and operational practices.

The year concluded without further incidents, emphasizing our continuous dedication to a safe working environment in the challenging petrochemical sector Pryme operates in. Our proactive approach, including external safety evaluations and a steadfast investment in our employees' well-being, seeks to ensure a secure and efficient operational framework throughout all the aspects of Pryme pioneering advanced recycling activities.

Within Pryme there is a driven team that is focused on setting up a good and safe pilot plant. The team is able to define the right actions and follow them up in a traceable way.

The working method of the Pre-Startup Safety Review (PSSR) and commissioning process chosen by Pryme gives sufficient confidence that this will result in a traceable process and that any operational and/or safety issue will be addressed and resolved in a timely manner.

Technology & lab-scale plant at Ghent University

Pryme continued to advance its Research & Development activities in 2023. Following the inaugural production of pyrolysis oil at our Ghent-based R&D centre in the first quarter, we have made substantial progress throughout the year. Our pilot plant, dubbed mini-Pryme, mirrors Pryme One's technology on a smaller scale. Initial tests using virgin plastics transitioned quickly to employing post-industrial and consumer plastic waste, aligning with Pryme One's inputs. These tests validated temperatures and offered valuable insights into pyrolysis oil and ash residue characteristics.

Notably, when comparing our pyrolysis oil production output to studies conducted by our peers, we observed similar trends in hydrocarbon composition, with most of the identified compounds falling into the light and middle distillate range. The process efficiency was underscored through minimal wax formation and the production of ash with negligible hydrocarbon content.

Subsequent multiple batch and continuous feed tests all confirmed the production of odourless and dry free flowing ash, demonstrating the efficiency of the core process at the operating temperatures enabled by the electrically heated reactor. Our R&D commitments also extend to fulfilling EU Horizon project responsibilities through the distribution of plastic pyrolysis oil to consortium members.

Looking forward

Our R&D focus is divided into three main areas:

- Drive and support the technical development of Pryme One in order to optimize and establish the technical processses in Pryme's future plants.
- Execution of our EU Horizon re-search project
- Analytical and fundamental research, which may include publications at a later stage. These activities support daily operations at Pryme One while demonstrating Pryme's commitment to innovation and operational excellence

Organization

The shift of Pryme from a project entity to a production operation through the start-up of the Pryme One production facility marks a significant milestone. Our technology focus led us to the recruitment of a Chief Technology Officer and a Senior Process Engineer, to further enhance our in-house expertise. The operational readiness of Pryme One is supported by the formation of a twenty-strong operator team, distributed across five shifts, ensuring our petrochemical grade installation operates continuously. This transition is further supported by leadership realignments: The HSEQ Director was promoted Chief Operations Officer. The Operations Manager embraced a new role as Industrial Deployment Manager, key in scaling our operational capabilities and preparing for our European expansion.

Our commitment to innovation is reflected in the progress at our Ghent pilot plant. The facility is a cornerstone of our research efforts as well as a source of technology support for Pryme One operations. The appointment of a Head of R&D underlines our commitment to advancing chemical recycling technologies and aligning our contributions with the EU's Horizon research project. The reinforcement of our team goes beyond technical roles. Our team was strengthened with an HR Manager to develop and implement HR standards and initiatives to create an environment of engagement, performance and talent development. Following selective growth during 2023, the Pryme team of some 42 FTEs as of 31 December 2023 stands ready to meet its ambitious targets for 2024.

Feedstock

Pryme has partnered with existing waste processors to secure an adequate, ready-to-use feedstock. Although sorting plants across Europe generate bales with the appropriate plastic content and composition, these bales are not directly suitable for our waste-to-oil process. An intermediate preparation step, akin to the one used for producing refuse-derived fuel (RDF) pellets, is necessary. Entities that produce RDF pellets are equipped to process these plastic waste bales by shredding, removing residual solids, extracting ferrous and non-ferrous contaminants, and importantly, drying and densifying the material. This process enables Pryme to tap into a nearly unlimited supply of feedstock with standardized composition, density, and moisture content for its initial and future plants. During the reporting period, Pryme One received such feedstock in quantities sufficient to support all startup activities and we expect that similar material is available for future Pryme projects.

Funding

As public awareness of plastic pollution grows and demand from customers and society for circular plastics rises, Pryme experienced increased interest and strong investor backing in 2023. This momentum was highlighted by significant investments from key industry players and existing shareholders during our capital increase in April 2023, which raised € 14.7 million in net proceeds. The aim of this funding round was to ensure liquidity for Pryme's production startup and technology development into the first half of 2024. As a subsequent event, the company has obtained additional funding during the first half of 2024 to secure operations and progress our growth plan.

Company Profile

4

Pryme, the story

Pryme's journey began over a decade ago with our founder envisioning the industrialization of plastic waste recycling into pyrolysis oil. Years of research culminated in the development of a robust breakthrough technology, setting the stage for the construction and start-up of a first installation, Pryme One, in the Port of Rotterdam. Positioned to be Europe's largest advanced recycling facility through a single reactor, Pryme One is a proof of Pryme's commitment to innovation and sustainability, leveraging advanced technology to transform plastic waste into valuable resources. Pryme One marks a significant milestone in the company's mission to lead in the circular economy of plastics.

- Entrepreneurial start 2008 - 2020
- IPO - Oslo Q1 2021 - 25M EUR
- Private Placement Q2 2022 - 18,5M EUR
- Equipment financing Q4 2022 - 8,2M EUR
- EU Horizon Grant Q1 2023 - 2,3M EUR
- Private Placement Q2 2023 - 14,8M EUR
- **First Oil** Q1 2024
- Private Placement Q2 2024 - 12M EUR

The push towards plastic recycling

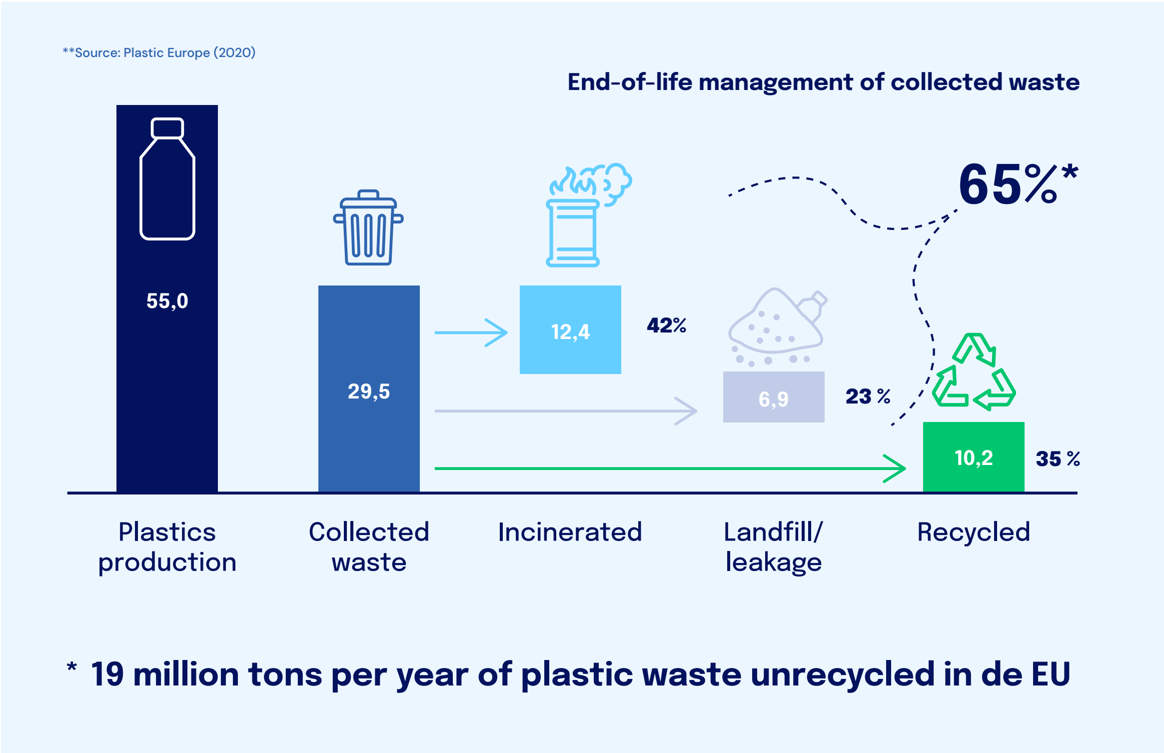
Plastic recycling, one of the critical issues of our time

Pryme is strategically positioned to address the critical global challenge highlighted by the OECD, with plastic waste projected to triple by 2060 and only a fraction currently being recycled. Pryme's innovative approach in transforming mixed plastic waste into pyrolysis oil at its advanced recycling plant, Pryme One, aligns with the transition to a circular economy.

This transition is crucial for sustainability, reducing reliance on virgin raw materials, lowering energy consumption, and minimizing the environmental footprint by keeping plastics in circulation and out of landfills and oceans. Pryme's technology represents a critical step towards integrating secondary raw materials into new products, thereby conserving non-renewable resources, and contributing to safeguarding the environment.

Pryme is the largest single reactor line advanced recycling installation in Europe.

European plastics end-of-life management in 2020 (Mt)**



At Pryme, we recognize the limitations of traditional recycling, where transforming plastic directly back into its original form is often not viable or permitted for food-grade or medical plastics-based packaging. Our focus on advanced recycling is driven by a vision to tackle the global plastic waste crisis head-on.

We believe our cutting-edge technology not only positions us as a leader in this space but also serves as a catalyst for the broader adoption of chemical recycling, offering a sustainable pathway to keep plastics in use and out of the environment.

Christopher Herve,
CEO of Pryme N.V.

Social and political pressure to reduce plastic waste

Pryme is well-aligned with the increasing social and political emphasis on reducing plastic waste, as highlighted by the EU Barometer Survey in 2017, which underscored public concern over the environmental impact of plastic products. The company's initiatives align with the EU's regulatory frameworks, such as the 2018 EU Plastics Strategy and the EU Green Deal, which advocate for significant advancements in recycling practices. The strategy for plastics within the EU Green Deal encompasses several key elements:

- Circular economy action plan
- Single-use plastics directive
- Plastics strategy
- Waste legislation
- Research and innovation
- Global action

2018

EU Plastics Strategy: 50% of all plastic packaging to be recycled by 2025

2019

EU Green Deal: Boost efficient use of resources by moving to a clean, circular economy

2020

EU Plastic Tax of € 800 per ton on non-recyled plastic packaging waste

2021

Stringent regulation on EU exports of plastic waste

2023

EU Corporate Sustainabillity Reporting Directive (CSRD), applicable for listed SME as of FY 2026

EU JRC report: Towards a better definition and calculation of recycling

2024

EU Parliament adopts ban of plastic waste to non-OECD countries

In summary, the EU Green Deal addresses plastic waste through a comprehensive approach that includes legislative measures, goals for sustainable product design, targets for waste reduction and recycling, and efforts to foster innovation and global cooperation on plastic pollution. Examples of additional regulations and incentives that could further mobilize the plastic waste industry are extended producer responsibility schemes and taxation and pricing mechanisms.

By pioneering advanced recycling technology, Pryme is at the forefront of addressing these concerns, contributing to the EU recycling targets and supporting the shift towards a more sustainable and circular economy.

EU Horizon (ELECTRO Project)

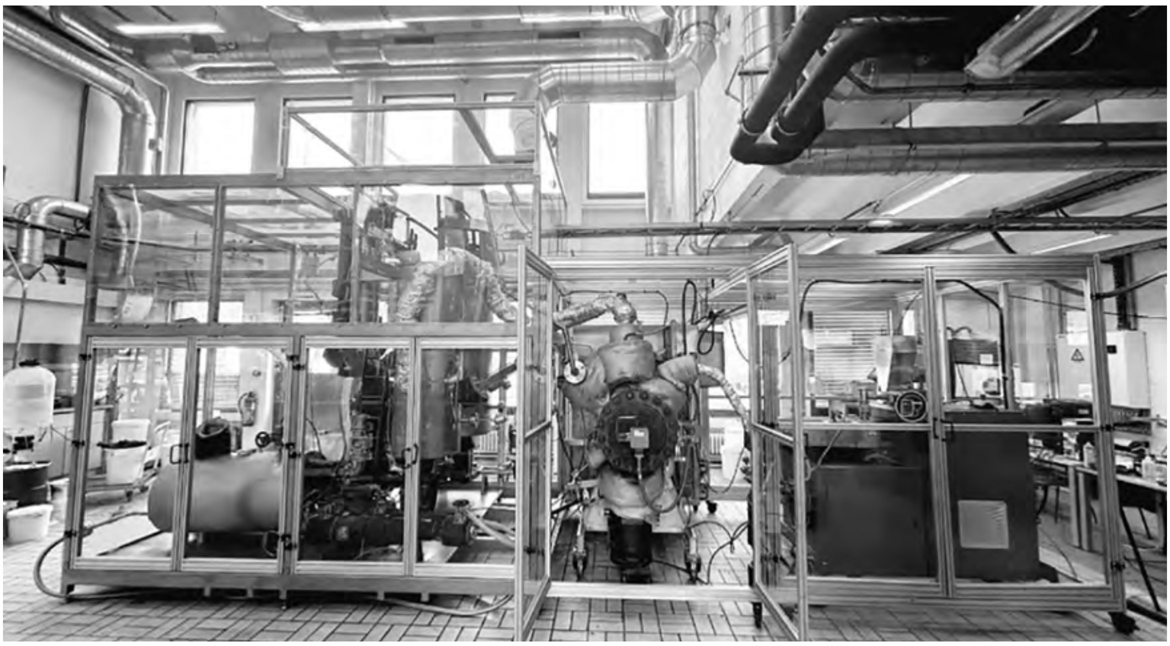
Pryme's involvement in the Project ELECTRO under the EU Horizon program represents a strategic initiative to showcase its innovative technology in linking the plastic waste and petrochemical sectors. Participating in this consortium, Pryme leverages its Rotterdam production site and Ghent R&D center to demonstrate a modular extruder and electrically heated reactor for plastic waste pyrolysis at an industrial scale (TRL 7).

This project, with a total budget of € 21.4 million, where Pryme's commitment is € 8.0 million, offers an opportunity to further develop advanced recycling technologies, align the interests and requirements of the various companies along the supply chain and realize the industry's circular economy goals, supported by a secured EU subsidy of which Pryme has a € 4.8 million share.

The recycling industry is well-positioned within a market ripe with opportunities, driven by an abundant feedstock supply and significant demand. Increasing regulatory pressures are shifting the plastic waste sector towards circular practices, positioning recycling firms as key partners in plastic waste management. Previously, the petrochemical industry showed limited interest in recycled products like pyrolysis oil. However, EU regulations and consumer demand for sustainable practices have ignited interest in circular solutions. The rising costs of oil and gas further incentivize the shift towards circular feedstocks, prompting major petrochemical players to adapt their processes and invest in handling recycled materials like plastic pyrolysis oil.

“As a mother and an engineer at Pryme, I'm heartened by the chance to shape a greener future for our children. Working here, I contribute to meaningful change, however small it might seem, knowing that each step forward is a victory for our planet. It's more than a job; it's a commitment to a win-win scenario where our efforts at Pryme not only advance our industry but also protect and nurture the world we pass on to the next generation.

Zinaida Djodikromo,
Senior Project Engineer at Pryme

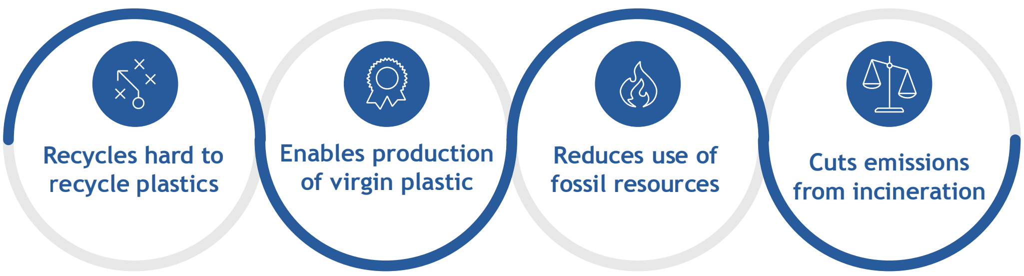


Advanced plastic recycling

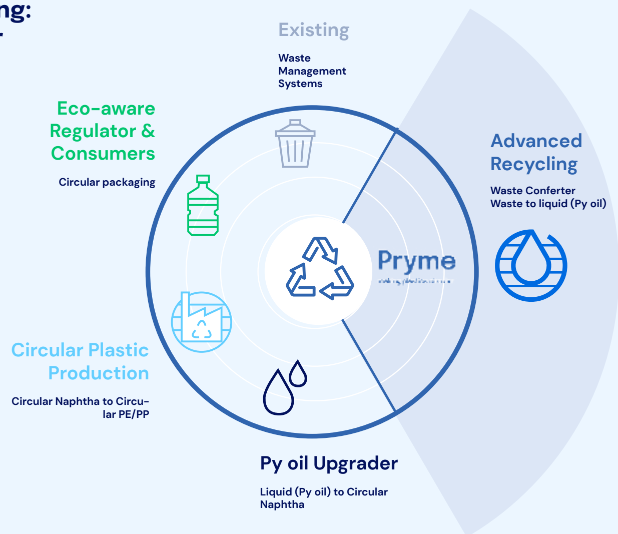
Plastic recycling refers to the process of converting plastic waste into a new form of 'second life' raw material that is suitable to produce new products. Currently, the field of plastic recycling is predominantly governed by mechanical recycling. This process maintains the integrity of plastic polymers, allowing them to be directly reused in creating new items, often in conjunction with virgin materials. However, mechanical recycling is restricted to certain plastic types and typically leads to a decrease in material quality over time. Pryme expects to be able to recycle post-consumer plastic waste, predominantly consisting of polyethylene and polypropylene, in a better environmental way than regular incineration, landfill, or virgin plastics.

Advanced recycling represents a cutting-edge approach to plastic waste management, offering a broad spectrum of innovative possibilities. Unlike mechanical recycling, advanced recycling deconstructs plastic waste into its fundamental molecular components. This process facilitates the transformation of plastics back into their original raw materials, which can then be reformed into new polymers or converted into petrochemical feedstock as part of the circular economy. The potential feedstock for advanced recycling is nearly limitless, considering the substantial quantities of plastic waste and the necessity for an additional 'recycling loop' to address plastics that are predominantly incinerated, or land filled in the current system. By broadening the variety of recyclable materials, advanced recycling not only conserves the value of resources within the economy but also serves as a crucial link in balancing the supply and demand for high-quality recycled plastics.

Pillars for advanced recycling



Advanced Recycling: crafting a circular value chain



Technology

The Pryme process utilizes established equipment and technologies that have been refined and augmented with unique proprietary features. Central to this innovative process is a substantial and adaptable pyrolysis reactor. By leveraging proven methodologies, Pryme achieves a reduced operational risk, enhanced cost efficiency, and decreased capital intensity compared to many of its competitors. This strategic approach not only underscores Pryme's commitment to innovation but also positions the company as a leader in the field, offering a more sustainable and economically viable solution for plastic waste recycling.

R&D capabilities

Pryme places a high emphasis on process excellence, recognizing its vital role in the company's success. This commitment is exemplified by the establishment of a state-of-the-art R&D facility located at Ghent University. This facility, which was fully installed and commissioned in 2022, commenced its pyrolysis testing and research in the first quarter of 2023 and developed critical knowledge during the year.

The R&D center is dedicated to investigating the intricate relationship between the composition of the feedstock and the quality of the resulting pyrolysis oil. Additionally, it will explore the possibilities to post-treatment of pyrolysis oil.

By integrating operational insights from Pryme One with cutting-edge research, the company aims to enhance its value capture significantly. This will be achieved by making strategic decisions regarding the optimal mix of feedstock, additives and pre-treatment methods in relation to the quality of pyrolysis oil and potential post-treatment, thereby advancing Pryme's technological leadership and contribution to sustainable industry practices.

> **Our technology and strategy hold immense global promise. Our unique pyrolysis method stands out in the market for its inherent cost-effectiveness and ability to bring scalability to the swiftly evolving plastic recycling industry.**
>
> Dominique Gemoets,
> CTO at Pryme

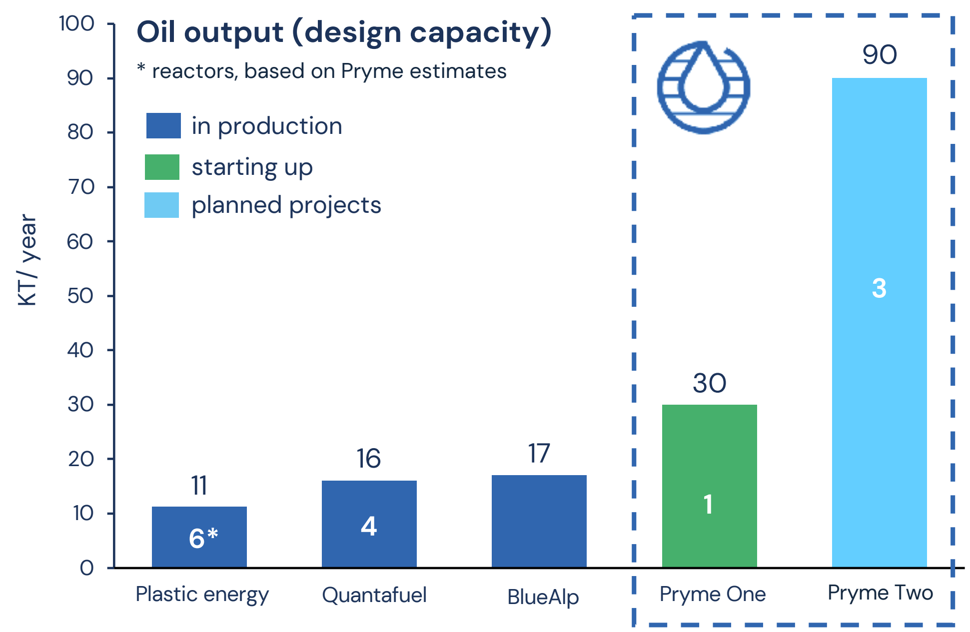
Pioneering advanced plastic recycling at an industrial scale

Pryme stands out as a pioneering cleantech enterprise dedicated to transforming mixed plastic waste into pyrolysis oil through an advanced recycling process. The core mission of Pryme is to foster a circular economy for plastics, achieving this through the industrial-scale implementation of advanced recycling. This approach significantly diminishes waste, cuts emissions, and curtails the reliance on fossil resources. By converting the traditional linear model of plastic usage into a circular one, Pryme is at the forefront of tackling the global plastic waste dilemma, paving the way for a future with reduced carbon emissions.

Industrial capacities

Pryme's inaugural facility, known as Pryme One, is poised to set a new standard in the advanced recycling industry with a foreseen annual processing capacity of 40,000 tons of plastic waste, utilizing just a single reactor. This substantial capacity is anticipated to yield around 30,000 tons of pyrolysis oil each year, positioning Pryme One as the largest advanced recycling plant in Europe.

The scalability of Pryme's technology is a key aspect of its future growth strategy. With plans already underway for its next installation, 'Pryme Two,' the company aims to significantly expand the scale of its operations. This expansion will involve designing and building plants with multiple reactor lines to achieve much higher throughput capacities. Importantly, the development of Pryme Two will benefit from the practical insights and operational expertise gained from Pryme One, ensuring that the new plant not only grows in size but also in efficiency and productivity.



Customer driven model

Pryme's growth strategy is rooted in strategic collaborations with select suppliers and customers throughout the value chain. The company's primary business model leverages its advanced recycling technology to assist chemical companies and materials manufacturers in transitioning toward a circular and low-carbon economy. By doing so, Pryme enables its direct and end-customers to reduce their dependence on fossil-based raw materials, offering them an alternative in the form of recycled plastic feedstock. This approach positions Pryme as a key enabler in the shift towards more sustainable industrial processes, and supports the global demand for environmental responsibility.

Pryme is actively exploring potential locations for its next plant, considering both greenfield and brownfield sites. Taking into consideration the anticipated volumes, proximity to both plastic feedstock providers as well as pyrolysis oil off-takers is important. Another key requirement is the availability of power, preferably supplied from renewable energy sources. Potential sites must also have the right permits to host Pryme's installation. Last but not least, it is essential to have access to operators with experience in the petrochemical and/or heavy industries.

Pryme has high expectations, given the robust demand for its plastic pyrolysis oil across various segments of the value chain. Remarkably, even before initiating the construction of its second plant, Pryme has secured agreements to sell a considerable portion of the production from its first two facilities. This early success underscores the market's strong appetite for Pryme's advanced recycling technology which offers a solution for converting non-mechanically recyclable mixed plastic waste into circular polymers.

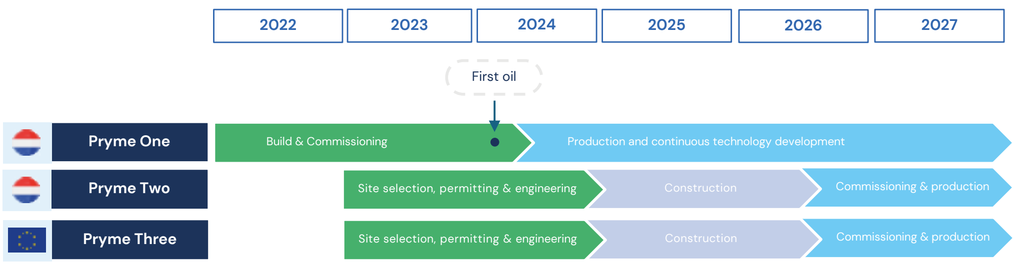
Mixed plastic waste often consists of various types of plastics that are difficult to separate and process together due to their different chemical properties and melting points. Some categories of mixed plastic waste that are typically considered non-mechanically recyclable are multi-layer or multi-material packaging with layers that cannot be easily separated, certain types of flexible plastics (plastic films, bags and wraps) and composite plastics. Pryme's chemical recycling process involves breaking down plastics to their molecular level, allowing for the recovery of monomers and other chemicals that can be used to produce new plastics. This method has the potential to recycle plastics that are currently considered non-recyclable, including mixed and contaminated plastics.

The plastic waste industry is characterized by its fragmentation and the absence of standardized feedstock quality norms and clear pricing mechanisms. The sector also faces growing regulatory scrutiny. In this challenging landscape, Pryme's completion of its first plant positions the company as a reliable and significant purchaser of plastic waste. This new status has attracted various feedstock suppliers, presenting Pryme with opportunities to secure the necessary inputs for Pryme One and to strategically align itself with the plastic waste management sector. These developments indicate Pryme's growing influence and critical role in shaping a more sustainable approach within the plastic waste recycling industry.

Growth Strategy

Pryme One is central to the company's expansion strategy, serving as a proof of concept for its technology at an industrial scale. This facility is crucial for generating valuable data that will inform the process and design enhancements for subsequent plants. It will also deepen the company's understanding of the supply chains for feedstock and output products, and help developing a skilled workforce of operators and engineers.

Following the establishment of Pryme One, the company considers to build a second plant in the Rotterdam area. This step is part of a broader strategy to create an international network of production units in collaboration with select partners. The company is actively scouting locations for these future plants, with a current focus on northwest Europe. The decision-making process for site selection will be influenced by various factors, including the availability and cost-effectiveness of feedstock, proximity to markets for the end products, procurement and construction cost, local regulatory conditions, and the potential for local partnerships. Availability of (renewable) power and a skilled workforce also remain key requirements.



In conclusion

After extensive research and development, Pryme is poised to significantly advance its position in the plastic recycling industry through its successful launch of Pryme One. The journey to construct and commission an advanced recycling plant of this magnitude has been challenging, demanding steadfast commitment, adaptability, and innovation from the entire team, including management, staff, and subcontractors.

Now the largest single reactor advanced recycling facility in Europe, Pryme One represents the culmination of the company's groundbreaking initial phase. This facility is not just an operational plant; it's a vital step towards realizing large-scale plastic waste recycling. It marks the beginning of a strategic deployment plan aimed at fostering sustainable growth for Pryme and achieving the significant positive impact the company envisions for the industry, people, and planet.

Governance report

5

5.1. Supervisory Board report

We are pleased to present the 2023 Pryme Group Supervisory Board report. This 2023 was no doubt a memorable year for all of us. More than 10 years after the founding of the Company with the vision of recycling plastics at a meaningful scale, Pryme completed the construction of its first plant, Pryme One and initiated the commissioning process. As could be expected for a brand new and first installation a number of challenges needed resolution during the commissioning process.

There were issues related to the design of the plant leading to time-consuming re-piping of certain sections of the plant. Also, we uncovered issues relating to the performance of third-party components installed in the plant. Furthermore, global challenges resulted in increased lead times for certain, mostly electronics-based components. Although we finished the year not having completed the final hot commissioning of our first plant, we are excited about the status of Pryme One as of December 31, 2023. At year-end 2023, we were on the brink of starting the plant for the first time, evidenced by our announcement of first oil production in January 2024, a subsequent event.

The completion of Pryme One marks a significant milestone, not only for Pryme, but also for the entire chemical recycling industry. Pryme One is the largest and most efficient European chemical recycling plant built to date. The Pryme team is excited about demonstrating Pryme One's capabilities in 2024 and beyond.

As a supervisory board, we believe management acted decisively and effectively during a challenging 2023 to mitigate unexpected issues related to the construction and commissioning of Pryme One. In hindsight one could argue that some of the issues could or should have been anticipated before they occurred. However, the Pryme team's relentless engagement and esprit de corps provided for an outstanding problem-solving capability, ultimately leading to the successful completion of Pryme One and the subsequent first oil production in January 2024 – a true accomplishment for everybody involved.

Financial statements for 2023

The 2023 financial statements were prepared by the Management Board and reviewed and discussed by the Supervisory Board at a meeting attended by the external auditor, Mazars. The Audit Committee discussed the financial statements and audit findings in detail with the external auditor in its meeting of March 15, 2024. Following the review of the Independent Auditor's Report issued by Mazars as well as its findings as summarized in a report to the Supervisory Board and the Management Board, the Supervisory Board adopted the financial statements in a Supervisory Board meeting on May 3, 2024.

The Independent Auditor's Report is presented in this Annual Report.

The Supervisory Board recommends that the Annual General Meeting of Shareholders on June 4, 2024:

- adopt the financial statements for the 2023 financial year;
- discharge the Management Board and the Supervisory Board for their management and supervision in the year under review.

Supervisory Board activities in 2023

In the year under review the Supervisory Board held 24 meetings. All Supervisory Board members were present at every meeting, except for Jan Willem Muller and Boudewijn van Vliet who were absent for one meeting each. All meetings were also attended by the Management Board except for the executive sessions of the Supervisory Board and for agenda items concerning individual members of the Management Board. Furthermore, the Chairman of the Supervisory Board as well as the other Supervisory Board members had regular contacts with the CEO, while the CFO and the Chairman of the Audit Committee were also in regular contact. The individual Supervisory Board members contacted each other for updates and to consult if and when deemed useful.

Topics discussed

As evidenced by the number of Supervisory board meetings in 2023, the Supervisory Board remained closely engaged in the activities of Pryme in 2023. The main focus of the Supervisory Board was the completion of Pryme One, securing feedstock and other important inputs for Pryme One, commercial relationships and contracts with suppliers and customers, funding & liquidity, the initial development of a robust growth plan as well general good governance. In addition to the more operationally focused topics, the Supervisory Board also spent considerable time on Pryme's strategy and objectives with respect to long-term value creation. Pryme is a young company with limited staff and management capacity. As such, the Supervisory Board played and continues to play an expanded role as it is not just supervising management but also being used intensely as a sounding board and in some instances, at the request of the Management Board, getting directly involved in operational activities that normally do not fall under the regular activities of a supervisory board.

Profile

The members of the Supervisory Board bring a wide range of skills and experience to the company from an array of backgrounds and industries. Pryme aims to achieve diversity not only in terms of experience and background including cultural background, but also in gender and age. The current composition of the Supervisory Board and Management Board does not yet reflect such aim as these boards are still a result of legacy appointments. For all new future appointments to the Supervisory Board and Management Board Pryme will strive towards a more balanced gender distribution. Currently, there are no females in the company's Supervisory Board or Management Board, In the overall organization, the gender balance is slightly better with 14.5% of the overall employees being female.

The aim for a diverse composition, including gender balance, applies to the Supervisory Board, the Management Board and senior management. With the Supervisory Board and Management Board consisting of only four, respectively two positions, and Pryme operating in an industry in which female talent is still scarce, a reasonable target of 25% females will not easily be achieved. In view of there being no intention to increase the number of Supervisory Board and Management Board members, Pryme does not expect to meet this goal in the near term. Nevertheless, the Supervisory Board closely monitors and encourages the Management Board's efforts to foster female talent across the Group. This fits Pryme's policy and fundamental principles to be an inclusive employer and our strong belief that diverse views and perspectives add value and are essential to drive innovation.

Corporate Governance

The Supervisory Board and the Management Board, supported by the Company Secretary, share responsibility for Pryme Group's corporate governance structure. At least once a year the Supervisory Board discusses the corporate governance rules applicable to the company and possible changes to rules, as well as any relevant specific corporate governance topics.

The Supervisory Board confirms that 50% of its members were independent as defined in the best practice provisions 2.1.7 to 2.1.9 of the Dutch Corporate Governance Code and in Pryme's articles of association in the year under review. The independent majority in the Supervisory Board is ensured through the chairman, who is independent, holding the tie-breaking vote. No member of the Supervisory Board holds more than five directorships. There were no conflicts of interest in the year under review.

Quality of supervision

The Supervisory Board received all the information it required to fulfil its role effectively, both from the Management Board and from management.

Supervisory Board committees

The Supervisory Board has established three subcommittees that function in an advisory capacity to the full Supervisory Board. As per the Company's delegation of authority ("DOA"), the committee work is from time to time performed by the chair of the respective committees and sometimes by the committee as a whole. The committee meetings are usually carried out in conjunction with meetings of the Supervisory Board and sometimes as separate and/or informal meetings. The three subcommittees are the Audit ("AC"), the ESG ("ESGC") and the Nomination, Succession and Remuneration ("CC") Committees.

The ESGC's work in 2023 centered around establishing Pryme's IMPACT and ESG principles, aspirations, and associated plan, which is described in more detail in the Sustainability Report within the 2023 Annual Report.

The CC focused mainly on maintaining an appropriate remuneration policy, including market conform long- and short-term inventive programs. In addition, and for reasons of segregation of duties, the CC was tasked with spearheading the Supervisory Board's efforts regarding risk management. Pryme has not established a formal succession planning process as this is not considered to be meaningful at this stage given the small overall size of the organization. The CC in conjunction with the AC, with final approval of the full Supervisory Board, keeps updating and adjusting the Company's DOA as appropriate.

The DOA is a central governance document within the Pryme organization as it defines the authorization levels for each function for applicable Company commitments.

During 2023 the AC focused on the Company's liquidity and funding situation, its DOA, the first-time adoption of IFRS, the external audit plan (approach, scope and coverage, Supervisory Board involvement and key audit matters), the 2023 impairment testing, and the review of the Company's quarterly, half-year, and annual reports. The AC chair typically reports the committee findings to the full Supervisory Board including the committee's recommendations.

Evaluation

The performance of the Management Board, the working methods, procedures and functioning of the Supervisory Board, its committees, and individual members, as well as the functioning of the Management Board and its individual members were all evaluated in 2023. The Supervisory Board assessed its own performance based on responses to a questionnaire submitted by the members of the Supervisory Board to the Chairman. The questionnaire covered topics such as the composition and expertise of the Supervisory Board, the frequency and quality of the meetings and meeting materials, the nature of the topics discussed during meetings and access to information. The responses provided by the Supervisory Board members indicated that the Supervisory Board continues to be a well-functioning team in its current composition. The evaluations also confirmed that discussions between the members of the individual boards and between the Supervisory and Management Board members are both frank and constructive.

In conclusion

Over the course of 2023, Pryme has achieved remarkable results. In the minds of all of us at Pryme, this is just the foundation and the beginning of the Pryme journey. With the validation of Pryme One in the form of first oil in January 2024 followed by further production milestones and first deliveries of oil to external customers, Pryme is well positioned to take on its next challenges; optimizing the performance of Pryme One and executing its growth strategy. We are of the opinion that 2024 and beyond will be even more exciting times for Pryme. The members of the Supervisory Board would like to thank all Pryme's stakeholders, including customers, suppliers, and shareholders, for their commitment to Pryme. We also thank the Management Board and particularly all the employees of Pryme for their strong dedication and hard work.

5.2. Remuneration report

5.2.1. Remuneration policy

The annual general meeting of shareholders adopted guidelines for the remuneration of the Management Board and other senior management. In accordance with these guidelines, the company has adopted a remuneration policy that provides the possibility to grant the Management Board and other eligible managers and staff, short-term variable remuneration (cash bonus) and long-term variable remuneration (restricted stock units and stock options on the company's shares) on top of the eligible participants' base pay, subject to the terms and conditions of the 'Long-Term Incentive Plan' (LTI Plan).

The Supervisory Board has, through the delegation of authority policy, established certain controls regarding personnel matters, including hiring decisions and compensation levels that require approval by the CEO, the chair of the Nomination, Succession and Remuneration Committee and/or the Supervisory Board.

The remuneration to the Management Board and senior management is reviewed annually by the Nomination, Succession and Remuneration Committee and the Supervisory Board. The remuneration, in accordance with the remuneration policy, is focused to align the remuneration with the business strategy through the creation of specific short-term targets that link each Management Board member's Short-Term Incentive Plan (STI Plan) to the success of the company.

The intention of the Long-term Incentive Plan (LTI Plan) is to (i) attract and retain management and staff whose services are important to the company's success, (ii) motivate such management and staff to achieve the long-term goals of the company, (iii) reward such management and staff for outstanding performance and behaviour, (iv) provide variable compensation opportunities that are competitive with those of other companies, and (v) encourage such management and staff to own common shares in the company and thus achieve an alignment of interest with shareholders in the long-term health and value of the company. The LTI Plans generally have a vesting period of three years.

The short-term and long-term plans are linked to the business strategy and to longer term value creation and sustainability of the company. This helps to ensure the alignment of the interests of the Management Board, senior management, and staff with the interests of the company's stakeholders.

Pryme does not grant any personal loans, guarantees or advance payments to members of the Supervisory Board or Management Board.

5.2.2. Remuneration report Management Board

The remuneration of the members of the Management Board encompasses the following components:

- Base salary or management fees
- Short-Term Incentive Plan (STI Plan, in cash)
- Long-Term Incentive Plan (LTI Plan) in the form of Restricted Share Units ("RSUs") and stock options
- For Management Board members under employment agreement: pension plan and associated risk insurance benefits

The Short-Term Incentive Plan scorecard for 2023 consisted of targets related to:

- Pryme One (test plant) performance
- Health, Safety and Environment (HSE)
- Environment, Social and Governance (ESG)
- Organization (recruit and retain)
- Roll-out (preparing for new sites)
- Cost management

Base salary and or management fee, indexation included, are in accordance with the remuneration policy. The annual base salary and or management fee of the Management Board members are based on the level of responsibility and performance.

Members of the Management Board contracted through an employment agreement may participate in the company's pension plan and disability insurance. The pension plan consists of a defined contribution pension scheme and risk insurances in case of passing away or disability of the participant. The contribution amounts to 20% of the annual pensionable earnings.
The employer assumes 60% of the contribution amount, whilst the employee assumes 40%. In 2023 the maximum eligible pensionable earnings amount to € 128.810 (2022: € 114.866) and the statutory offset is € 16.322 (2022: € 14.802). The risk insurances encompass i) partner pension, ii) orphan pension, iii) surviving dependants' benefit insurance ('ANW-hiaat', optional and paid by employee) and iv) non-contributory continuation of pension accrual in the event of occupational disability. There are no arrangements for early retirement.

The Supervisory Board may determine that a member of the Management Board is entitled to compensation for the loss of income resulting from a termination as Management Board member. In line with the Dutch Corporate Governance Code, any severance payment is limited to maximum one year's base salary. In 2023 the Supervisory Board has accepted the resignation of Ferdinand Lupescu (CFO) as Pryme's CFO effective March 31, 2024, and agreed upon a monetary compensation of maximum € 63 thousand, subject to terms and conditions, payable in July 2024.

For a breakdown of the Management Board remuneration, reference is made to note 7.7.14.

In 2022 and 2023, as part of the LTI Plan, the company has awarded the Management Board with equity instruments consisting of RSUs and Stock Options with a vesting period of three years, with 1/3 vesting each year. For further details reference is made to the table "Number of RSUs and Stock Options awarded and outstanding to Management Board" below.

Number of RSUs and stock options awarded and outstanding to Management Board

Number of RSUs and stock options awarded and outstanding to Management Board													
	LTI Plan	Start date performance period	End date performance period	Expiration date stack options	Excercise price options in NOK	RSU's awarded	Stock options awarded	Vesting years				RSU's unvested as at 31 December 2023	Stock options unvested as at 31 December 2023
								2023	2024	2025	2026		
Outstanding and unvested RSU's awarded													
Christopher Hervé (CEO)	2022	23-6-2022	6-5-2025	2032	11,33	68.850	98.250	55.700	55.700	55.700	-	45.900	65.500
	2023	6-5-2023	6-5-2026	2023	16,49	53.700	64.200	-	39.300	39.300	39.300	53.700	64.200
Ferdinand Lupescu (CFO)	2023	6-5-2023	6-5-2026	2023	16,49	27.300	32.550	-	19.950	19.950	19.950	27.300	32.550
Total Management Board members						**149.850**	**195.000**	**55.700**	**114.950**	**114.950**	**59.250**	**126.900**	**162.250**

5.2.3. Remuneration report Supervisory Board

For the chair of the Supervisory Board a 50% premium applies with respect to the fixed fees and the Stock Options. For the vice-chair of the Supervisory Board a 25% premium applies. The extraordinary general meeting of shareholders on 11 October 2021 granted the current chair and the vice-chair of the Supervisory Board 60,000 Stock Options with a strike of NOK 51.20 for the entire term of their appointment until the annual general meeting of shareholders to be held in 2025 and that on the date of grant were scheduled to vest in four equal installments on the dates of the annual general meeting of shareholders to be held in 2022, 2023, 2024 and 2025 (the "2021 Grant of Stock Options"). The 2021 Grant of Stock Options had a single vesting with 15,000 Stock Options for the benefit of each the chair and the vice-chair of the Supervisory Board on 22 June 2022 and was otherwise superseded by the 2022 Grant of Stock Options.

The remuneration of Supervisory Board members has been authorized by the general meeting of shareholders on 2 May 2022 and consists of:

- A fixed remuneration of € 20.000 for each Supervisory Board member per AGM period;
- A fixed remuneration of € 2.500 for each Supervisory Board sub-committee membership per AGM period;
- 60,000 Stock Options with a strike of NOK 10 for each Supervisory Board member for the entire term of his appointment until the annual general meeting of shareholders to be held in 2026 and that on the date of grant were scheduled to vest in four equal installments on the dates of the annual general meeting of shareholders to be held in 2023, 2024, 2025 and 2026 (the "2022 Grant of Stock Options")*.

Each Supervisory Board member is subject to a Supervisory Board Director agreement. All Stock Options under the 2022 Grant of Stock Options have vested on the date of issue of new shares on 18 April 2023 in completion of Pryme N.V.'s private placement process pursuant to the change of control clause in the Supervisory Board Director agreements on the basis of Infinity Recycling B.V. on that occasion having gained a controlling interest in the company as the managing director of both Circular Rotterdam B.V. (owning 27.5 % of the shares in Pryme N.V.) and Circular Plastics Coöperatief U.A. (owning 13.81 % of the shares in Pryme N.V.) and who together at such time reached a combined 41.31 % of the shares in Pryme N.V. Pursuant to the Supervisory Board Director agreements, each Supervisory Board member is entitled to exercise his Stock Options during any exercise window that the company opens on a regular basis during his tenure on the Supervisory Board.

As a separate form of remuneration, a Supervisory Board member may be entitled to consultancy fees as may be agreed under a management consultancy contract between a Supervisory Board member and the company in respect of non-recurring special activities which do not normally fall under the scope of responsibilities of Supervisory Board members. Such applied for the chair and the vice-chair of the Supervisory Board in 2023 in respect of their services in the process of the company's private placement of shares.

For a breakdown of the remuneration in 2023 to the members of the Supervisory Board refer to note 7.7.14.

For a breakdown of the number of Stock Options that have been awarded and that have vested to the members of the Supervisory Board, refer the table below:

Number of stock options outstanding and awarded to the Supervisory Board

Number of stock options outstanding and awarded to the Supervisory Board												
	Main conditions of equity-settled share based payments					Information regarding financial reporting 2023						
	LTI Plan	Start date performance period	End date performance period	Expiration date stock options	Excercise price options in NOK	Stock options awarded	Vesting years				Stock options unvested as at 31 December 2023
							2023	2024	2025	2026	
Outstanding stock options awarded											
Henning Jensen (Chairman)	2021	11-10-2021	22-6-2022	2025	51,20	15.000	-	-	-	-	-
	2022	23-6-2022	AGM 2026	2032	10,00	90.000	90.000	-	-	-	-
Michiel Kool (Vice-chairman)	2021	11-10-2021	22-6-2022	2025	51,20	15.000	-	-	-	-	-
	2022	23-6-2022	AGM 2026	2032	10,00	75.000	75.000	-	-	-	-
Jan Willem Muller	2022	23-6-2022	AGM 2026	2032	10,00	60.000	60.000	-	-	-	-
Boudewijn van Vliet	2022	23-6-2022	AGM 2026	2032	10,00	60.000	60.000	-	-	-	-
Total Supervisory Board members						**315.000**	**285.000**	**-**	**-**	**-**	**-**

5.3. Corporate governance

Corporate governance structure and legal framework

Pryme N.V. is a Dutch public limited company based and registered in Rotterdam, the Netherlands. Pryme's shares are listed on Euronext Oslo Growth market, a multilateral trade facility (symbol: PRYME, ISIN: NL00150005Z1).

Two-tier board

Pryme has a two-tier governance structure consisting of the Management Board and the Supervisory Board. The general meeting of shareholders constitutes the company's third governing body. In the following sections, we provide information on these governing bodies and their respective roles and responsibilities.

Legal framework

Pryme's corporate governance framework is based on the requirements of the Dutch Civil Code, the company's articles of association, the applicable securities laws and regulations and the company's internal delegation of authority policy. Pryme N.V.'s articles of association are published on the company's website.

Pryme N.V. is committed to conform to the Dutch Corporate Governance Code (the "Code"), most recently updated on 20 December 2022, and enshrined in the Dutch Civil Code applicable to large companies. The Code regulates the relationships between the Management Board, the Supervisory Board, and the general meeting of shareholders. Pryme N.V. conforms to the Code on a voluntary basis given both the company's current market capitalization and its listing outside the Netherlands. Pryme adheres to the 'comply or explain' principle as set out in the Code. Accordingly, deviations from the Code are explained in this Corporate governance section of the Governance report. In line with the Code, sustainable long-term value creation is the key consideration for the Management Board and Supervisory Board when determining strategy and making or approving decisions, with stakeholder interests taken into careful consideration.

Management Board

The Management Board is the statutory executive body and, together with the senior management team, is responsible for the day-to-day management of Pryme. It formulates and implements the company's (business) strategy and policies and may take any actions necessary or useful for achieving Pryme's objectives, except those prohibited by or expressly attributed to the Supervisory Board or the general meeting of shareholders.
The Management Board must submit certain important decisions to the Supervisory Board or the general meeting of shareholders for approval. In performing its duties, the Management Board must act in the best interests of the company and its business.

Composition

The Management Board consists of one or more managing directors, the number to be determined by the Supervisory Board. The Supervisory Board is authorised to make binding nominations for the appointment of a Management Board member to the general meeting of shareholders. Each Management Board member is appointed by the general meeting of shareholders for no more than four years. A Management Board member may be reappointed for a term of no more than four years at a time. On 31 May 2023, in the notice and agenda for the annual general meeting of shareholders on 27 June 2023, the Supervisory Board announced the binding nomination for the appointment of Mr. Ferdinand Lupescu and on 27 June 2023 the general meeting of shareholders appointed Mr. Lupescu to the position of CFO and as a member of the Management Board, in line with the binding nomination, for a term ending directly after the annual general meeting to be held in 2027.

During 2023 the Management Board consisted of the following directors:

Name	Position	Date of initial appointment	Terms ends at
Christopher Hervé	CEO	2 May 2022	2 May 2026*
Ferdinand Lupescu	CEO	27 June 2023	AGM 2027*

* Mr. Lupescu tendered his resignation from the Management Board on December 22, 2023. His last working day will be March 31, 2024. As a subsequent event on March 20, 2024, Christopher Hervé gave notice on his engagement as CEO of Pryme with his last working day being July 31, 2024.

Due to the close involvement of the Supervisory Board and the high frequency of Supervisory Board meetings, no separate Management Board meetings took place in 2023. The Management Board and the Supervisory Board are each responsible for stimulating openness and accountability within and between these corporate bodies.

Evaluation

The performance of the Management Board and its individual members is evaluated at closed sessions of the Supervisory Board, with the findings communicated by the chair to the Management Board.

Remuneration to the Management Board

Details regarding the remuneration and benefits for the Management Board members can be found in the Remuneration report of the Governance report 2023 and in note 7.7.14 to the Financial Statements.

Shares owned by Management Board members

Management Board members held the following number of shares in Pryme N.V. per 31 December 2023, directly or indirectly through a closely associated legal entity:

Name	Number of shares	Percentual interest in Pryme N.V.
Christopher Hervé / Tanaku B.V.	52.950	0.11%
Ferdinand Lupescu	0	0%

Supervisory Board

The Supervisory Board supervises the policies of the Management Board and the general conduct of affairs of the company and its business, and it assists the Management Board with advice. In performing their duties, the Supervisory Board members act in accordance with the interests of the company and its business.

Composition, profile and independence

The Supervisory Board, in accordance with the articles of association of the company, consists of at least three members appointed by the general meeting of shareholders. There were no changes to the composition of the Supervisory Board. During the full year 2023, the Supervisory Board consisted of the following members:

Name	Gender	Age	Nationality	Position	Status	Date of first appointment	Date of (re)appointment	Year of possible re-election
Henning Jensen	Male	63	Norwegian	Chair	Independent	11 October 2021	2 May 2022	AGM 2026
Michiel Kool	Male	64	Dutch	Vice-chair	Independent	11 October 2021	2 May 2022	AGM 2026
Jan Willem Muller	Male	47	Dutch	Member	Non-independent	2 May 2022		AGM 2026
Boudewijn van Vliet	Male	51	Dutch	Member	Non-independent	11 November 2022		AGM 2026

The members of the Supervisory Board bring a wide range of skills and experience to the company from an array of backgrounds and industries. More information on the profile of the Supervisory Board can be found in the Supervisory Board report as part of the Governance report.

All members of the Supervisory Board during the year under review were appointed until the annual general meeting of shareholders to be held in 2026. The independent members of the Supervisory Board have a voting majority as required by Pryme N.V.'s articles of association during the year under review. In case the Supervisory Board representation is equally distributed between independent and non-independent members, the casting vote of the chairman ensures independent majority.
As a subsequent event, the extraordinary general meeting of shareholders of 9 April 2024 appointed Mr. Emmanuel Colombel as a fifth member of the Supervisory Board.

Henning E. Jensen
CHAIR
Supervisory Board

Willem Michiel Kool
VICE-CHAIR
Supervisory Board

Boudewijn van Vliet
MEMBER
Supervisory Board

Jan Willem Muller
MEMBER
Supervisory Board

Composition of the Supervisory Board subcommittees

The Supervisory Board operates the following subcommittees that report to the full Supervisory Board in accordance with their respective charters:

Subcommittees	Henning Jensen	Michiel Kool	Jan Willem Muller	Boudewijn van Vliet
Audit, Governance and Compliance committee	Chair	Member		
Nomination, Succession and Remuneration committee	Member	Chair		Member
Environmental, Social and Governance committee	Member	Member	Chair	

Participation in the Supervisory Board meetings

The Supervisory Board held 24 meetings in 2023. The company's funding activities for the capital raise through a private placement in 2023 accounted for the large number of meetings in the first half of the financial year.

The table below shows the overview of meeting attendance in 2023 for the individual members. The Supervisory Board is supported by the company secretary.

Members	Supervisory Board Meetings
Henning Jensen	24/24
Michiel Kool	24/24
Jan Willem Muller	23/24
Boudewijn van Vliet	23/24

Remuneration to the Supervisory Board

The information on the remuneration to the Supervisory Board members can be found in the Remuneration report of the Governance report 2023.

Evaluation

At least once per year, the Supervisory Board evaluates its own performance and that of its individual members. More information on the evaluation of the Supervisory Board in 2023 can be found in the Supervisory Board report as part of the Governance report.

General meeting of shareholders

The annual general meeting of shareholders is held within six months after the end of every financial year. The main purpose of the annual general meeting of shareholders is to decide on matters as specified in Pryme N.V.'s articles of association and under Dutch law, such as the discussion of the annual report, the adoption of the annual accounts and the discharge of the Management Board and Supervisory Board members of their respective management and supervision duties.

General meetings of shareholders are held if the Management Board or the Supervisory Board deem it necessary, or at the written request, specifying the issues to be discussed, of one or more shareholders who, alone or jointly, represent at least one tenth of Pryme's issued share capital.

A general meeting of shareholders is called by a convening notice issued by the Management Board or the Supervisory Board.

Notices to convene a general meeting of shareholders are published via the stock exchange communication channels (https:// newsweb.oslobors.no) no later than 15 calendar days prior to the meeting. Furthermore, the notice is sent to all known shareholders on the same date. Supporting information, such as proposals for resolutions to be considered by the general meeting and recommendations by the Nomination, Succession and Remuneration committee, are enclosed with the notice and made available at the same time. The supporting material is sufficiently detailed and comprehensive to allow all shareholders to form a view on all matters to be considered at the general meeting.

The notice calling a general meeting provides information on the procedures the shareholders must observe prior to and at the general meeting, including the procedure for representation by proxy. Every shareholder may attend, speak at and vote at a general meeting. Shareholders who wish to attend a general meeting in person or by an authorized representative are requested to notify the company prior to the general meeting within the timeline and in accordance with the provisions set forth in the notice for the general meeting.

Shareholders who cannot attend a general meeting may vote by proxy. Forms for the granting of proxies are enclosed with the notice for the general meeting. The form of proxy includes provisions that allow for instructions on the voting on each individual agenda item. The company will nominate a person who will be available to vote on behalf of the shareholders as their proxy. Unless Dutch law or the articles of association require a larger majority, resolutions of the general meeting are adopted by a simple majority of the votes cast.

The chair of the Supervisory Board and the CEO will attend the general meeting and to the extent possible, other members of the Supervisory Board and the members of the Management Board will also attend. Any person nominated for appointment as Management Board member, will attend the general meeting at which votes will be cast on his or her nomination. The chair of the general meeting designates a secretary to keep the minutes of the meeting.

In 2023 an extraordinary general meeting of shareholders was held on 11 April 2023. The annual general meeting of shareholders was held on 27 June 2023. The protocols of the general meetings of shareholders were published via the stock exchange communication channels (https:// newsweb.oslobors.no) on the respective dates of these general meetings.

Shares issued

The company's total number of issued shares per 1 January 2023 was 32.963.822. The company issued 15,367,044 shares on 18 April 2023 in completion of its private placement of shares, such with approval of the extraordinary general meeting of shareholders on 11 April 2023. The company issued 55,550 shares on 4 July 2023 in completion of the company's obligations for the first vesting of Restricted Stock Units under its Long-term Incentive Plan for the year 2022, such with approval of the general meeting of shareholders on 27 June 2023.

The total number of issued shares per 31 December 2023 was 48,386,416, amounting to a total issued capital per 31 December 2023 at par value of € 2,419,321. All issued shares have been fully paid-up. The shares in Pryme are freely tradeable and there are no restrictions on the tradability of the shares.

The company's shares are registered in the register held by the Norwegian Central Securities Depository at Euronext Securities Oslo/ Verdipapirsentralen ASA (the ESO register, also known as the VPS register), under the name of the company's shareholders or their nominee holding a VPS registration number.

Dividend policy

The company has not yet established a dividend policy pending the commencement of operational activities. The company will establish a dividend policy once normal operations start generating revenues and earnings.

Financial reporting

Pryme publishes quarterly financial statements in addition to the annual report. Internal reports are produced monthly and quarterly, in which the actual performance is analyzed and evaluated against budget and forecasts.

The Audit, Governance and Compliance committee performs a preliminary review of the quarterly (consolidated) financial statements and annual report prior to discussions with the Supervisory Board, with a particular emphasis on any material valuations and estimates that have been made. The external auditor is invited to attend Audit Committee meetings.

Major internal policies

The company has put in place the internal policies and governance principles that it believes are appropriate for the current size and scope of its business activities. Internal policies and controls will expand commensurate with the growth of the company. The company has established and maintains Health, Safety, Environment and Quality (HSEQ), Remuneration, Insider Trading and Delegation of Authority policies. In addition, charters are in place for the Audit, Governance and Compliance committee and for the Nomination, Succession and Remuneration committee and the Environmental, Social and Governance (ESG) committee. The company has developed its Code of Conduct for implementation in early 2024.

Risk management and internal control

Risk assessment and mitigation is a management responsibility. Its objective is to identify, evaluate, and manage risks that could impact on Pryme's ability to achieve its goals. Refer to note 5.4 for the main risks being managed and to note 7.2.4 for more details with regard to financial risks. Due to its small size, Pryme has not established a formal internal control system other than sound principles of division of responsibilities and all relevant internal control measures. The Supervisory Board will ensure that such systems are put in place as soon as the company's size and scope justify this.

Auditor

Considering its current small size and limited scope the company has elected to not have an internal audit department. This will be reassessed as the company grows in scope and scale.

The external auditor presents the main elements of the plan for the auditing of the company to the Audit, Governance and Compliance committee on an annual basis in accordance with its engagement letter. The auditor participates in the Supervisory Board meeting where the annual report is approved. The auditor further meets with the Supervisory Board without the management of the company present at least once a year. The Audit, Governance and Compliance committee and the Management Board maintain regular contact with the external auditor and discuss the audit plan, the findings and the auditor's report.

The Annual General Meeting on 27 June 2023 appointed Mazars Accountants N.V. as the company's external auditor for the annual accounts for the financial year ending 31 December 2023.

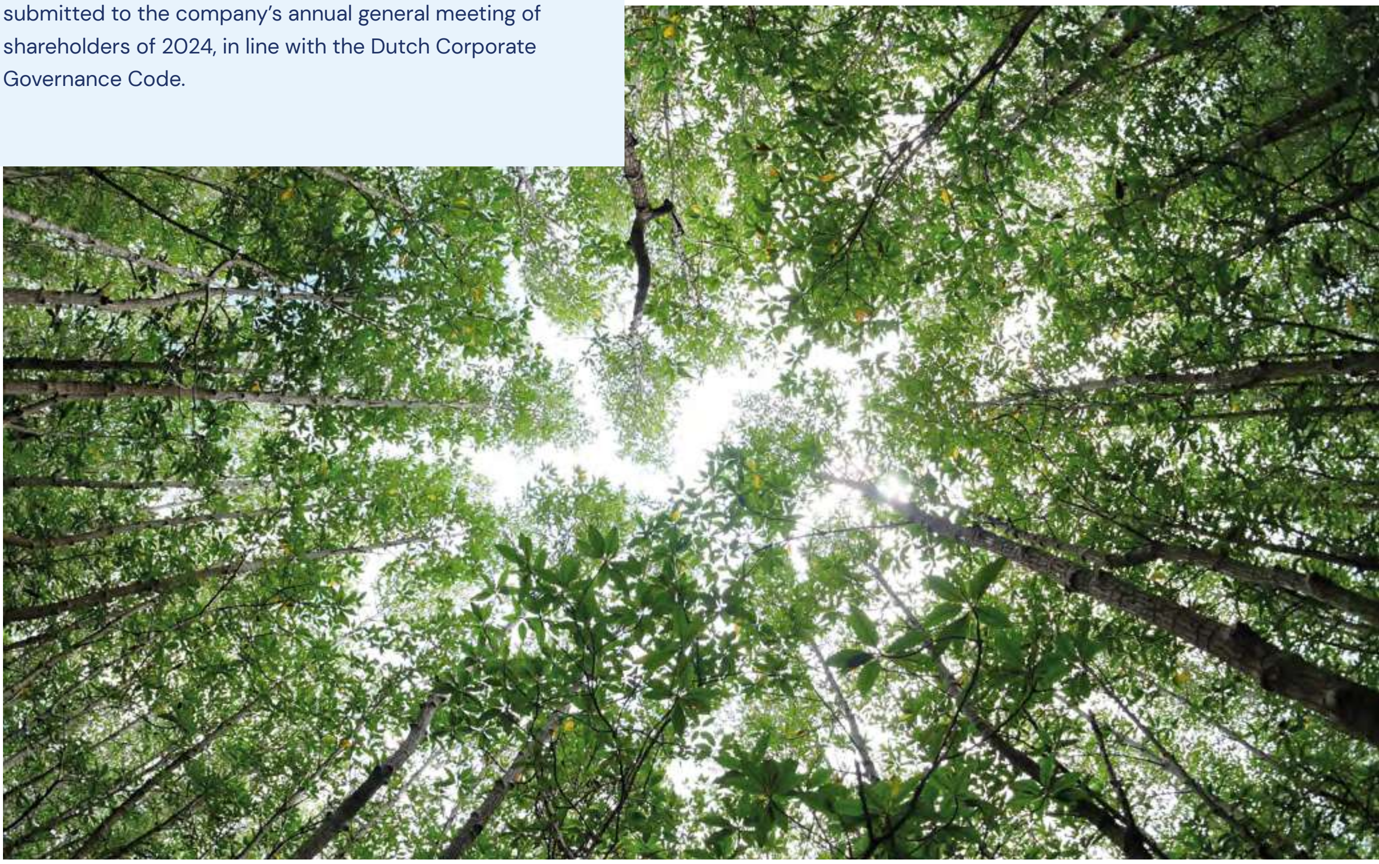
The proposal for appointment of the company's external auditor for the annual accounts for the 2024 financial year ending December 31, 2024 will be submitted to the company's annual general meeting of shareholders of 2024, in line with the Dutch Corporate Governance Code.

Related party transactions

The information on related party transactions can be found in note 7.5.3 to the Financial Statements.

Compliance with laws and regulations

Pryme's reputation and license to operate depend on responsible business conduct. The company is committed to complying with all applicable laws and regulations. Pryme is committed to uphold leadership in its operations on safety, health and environmental protection and does not tolerate bribery, corruption, fraud, violations of trade sanctions, anti-money-laundering and anti-competition laws, or any other illegal or unethical conduct in any form by anyone working for or on behalf of the company. The Management Board has the overall responsibility and accountability for compliance and reports on the topic to the Audit, Governance and Compliance committee.



Focus on sustainability

The company's IMPACT and ESG strategies focus on achieving positive environmental impacts, guided by a commitment to the Sustainable Development Goals, ESG regulatory frameworks and the IFRS Accounting Standards-EU. Pryme operates a comprehensive governance structure to oversee its sustainability actions, driven by its IMPACT management committee under guidance from the Environmental, Social and Governance (ESG) committee. Refer Chapter 6 (Sustainability report) for more information.

Remuneration philosophy and equity participation plan

The Annual General Meeting of shareholders adopted guidelines for the remuneration of the Management Board and other senior management. In accordance with these guidelines, the company's remuneration policy provides the possibility to grant the Management Board and other eligible managers short-term variable remuneration (cash bonus) and long-term variable remuneration (restricted stock units and stock options on the company's shares) on top of the eligible participants' base pay.

The first vesting of the equity awards to the eligible participants under the long-term incentive plan for the financial year 2022 took place on 3 July 2023 for 55.550 restricted stock units, 75.100 stock options at the strike price of NOK 11.33 and 285.000 stock options at the strike price of NOK 10.00.

The company awarded the eligible participants under the LTI Plan for the financial year 2023 165.000 restricted stock units and 312.900 stock options at the strike price of NOK 16.49 on 27 June 2023 vesting one-third each of 6 May 2024, 6 May 2025 and 6 May 2026, on the basis of the approval given by the annual general meeting of shareholders on 22 June 2022. In addition 410.000 stock options were awarded at the strike price of NOK 11.33 (under LTI Plan 2022, vesting 50% in 2024 and 2025).

Reference is made to note 7.3.8 for the outstanding equity awards to the eligible participants as of 31 December 2023 and to note 5.2.3 for the outstanding stock option awards to the Supervisory Board as of 31 December 2023.
As of year-end 2023, the outstanding equity awards to the eligible participants under the long-term incentive plans for the financial years 2022 and 2023 amounted to 260.850 restricted stock units, 30.000 stock options at the strike price of NOK 51.20, 340.000 stock options at the strike price of NOK 10.00, 590.500 stock options at the strike price of NOK 11.33 and 305.400 stock options at the strike price of NOK 16.49. Refer to the Remuneration report of the Governance report 2023 for the number of stock options vested to the Supervisory Board.

The Supervisory Board has, through the Delegation of Authority policy, established certain controls with regard to personnel matters, including hiring decisions and compensation levels that require approval by the CEO, the chair of the Nomination, Succession and Remuneration committee and/ or the Supervisory Board.

Corporate governance statement

The company has endorsed the Dutch Corporate Governance Code on a voluntary basis since being listed on Euronext Oslo Growth market, a multilateral trading facility, on 15 February 2021. Pryme acknowledges the importance of good corporate governance and agrees with the principles and best practice provisions of the Dutch Corporate Governance Code. We will pursue appropriate steps to apply its principles and best practice provisions commensurate with the growth and development of the company and its organization.

Compliance with the Dutch Corporate Governance Code

Pryme is committed to applying the principles and best practice provisions of the Dutch Corporate Governance Code. The following provides an overview of points where Pryme deviates from the Dutch Corporate Governance Code with brief explanations of the reasons therefore.

Diversity of the Supervisory Board

The Supervisory Board seeks to promote diversity among its members in terms of age, gender, nationality, industry experience, background, skills, knowledge, and insights and has been selected based on these characteristics and required levels of independence and size. The majority of the Supervisory Board members is independent. The board has diverse nationalities but lacks gender diversity. Pryme aims to appoint future Supervisory Board members that will contribute towards meeting gender diversity expectations.

Composition of the Supervisory Board committees

The chairman of the Supervisory Board, upon his appointment as chair on 2 May 2022, has remained the chairman of the Audit, Governance, and Compliance committee during 2023 given his significant subject matter expertise.

Main elements of the agreement of a Management Board member with the company

The term of appointment of the company's Management Board members is documented in the shareholders resolutions for such appointment as published by the company on 2 May 2022 in respect of Christopher Hervé and on 27 June 2023 in respect of Ferdinand Lupescu. The remuneration of the company's Management Board members is represented in Note 7.7.14 to the Financial Statements.

Succession plan for the Management Board

Given the size of the company, it is difficult to establish a meaningful internal succession plan for the members of the Management Board. Once the company reaches critical mass it will implement a proper succession plan for its Management Board and other key positions.

Self-assessment

The Supervisory and Management Boards are committed to conducting an annual self-assessment. The Supervisory Board undertook a self-assessment in 2023. More information on the evaluation by the Supervisory Board in 2023 can be found in the Supervisory Board report as part of the Governance report. The Management Board will conduct its self-assessment in 2024 when an additional managing director is expected to have been appointed to the Management Board.

Terms of reference – Supervisory Board rules

The Supervisory Board has not adopted supervisory board rules as terms of reference in the sense of the Dutch Corporate Governance Code. In preventing conflicts of interests, the company's articles of association explicitly provide that a member of the Supervisory Board shall not take part in the consultations and decision-making process if he has a direct or indirect personal interest which conflicts with the interests of the company and or its business. In terms of governance of decision-making, the company's articles of association furthermore provide for an extensive list of Management Board resolutions that require prior Supervisory Board approval and for a two-thirds majority or unanimous voting requirement in respect of these resolutions. The Supervisory Board will consider adopting separate Supervisory Board rules as terms of reference in addition to the articles of association as appropriate in the development of its functioning.

Remuneration of the Supervisory Board members includes stock option awards

The shareholders of the company have approved that the compensation to the Supervisory Board
members consists of a cash compensation and stock option awards. The rationale for this is that the company wishes to be prudent with cash outlays and wishes to reinforce Supervisory Board orientation to longer-term value creation in the interest of shareholders. There is no plan to modify this philosophy in the short-term. Refer the Remuneration report of the Governance report 2023 for more information.

Internal controls – absence of internal audit department

As explained earlier, the company has, considering its current small size and limited scope, elected to not have an internal audit department or additional internal control procedures except for the controls described in note 5.4 (Risk management) and note 7.2.4 (Financial risk management). Further internal control measures, including an internal audit function, will be put in place over time, commensurate with the growth in scope and scale of the company.

Code of Conduct

The company has developed its Code of Conduct and associated reporting procedures. These were implemented in early 2024.

Diversity of the Management Board

The Management Board seeks to promote diversity among its members in terms of age, gender, nationality, industry experience, background, skills, knowledge, and insights. During 2023 the board lacked gender diversity. Currently the Management Board consists of one member and diversity cannot be considered. Pryme aims to appoint future Management Board members that will contribute towards meeting gender diversity expectations.

5.4. Risk management

The main risks, apart from the financial risks, identified as a threat to the achievement of Pryme's objectives are listed below. These risks have been considered by the Management Board as being the most relevant. The company distinguishes between Financial, Technology, Operations, Commercial, Legal and Compliance risks. Reference is made to note 7.2.4 for financial risk management.

Technology risks

- Pryme's ability to protect its Intellectual property and knowledge
- Technology is not working as anticipated at large scale
- The produced pyrolysis oil does not meet customer specifications
- Dependency on key suppliers for critical components in the installation

Operations risks

- Recruit and retain highly skilled and engaged management and staff
- Continuity lease agreement site Plant One, necessary permits included
- Handling hazardous substances
- Cybersecurity and ICT

Legal and compliance risks

- License to operate Pryme One (environmental permits)
- Changes in laws and regulations

Commercial risks

- Availability of sufficient feedstock at the right price and composition
- Off-take agreements for pyrolysis oil at market conform prices.

Based on the risk assessment, mitigating actions have been put in place to manage these risks where management considers this applicable. Periodically the Management Board and the Supervisory Board update and evaluate the risk analysis and implement or adapt the necessary mitigating actions. Pryme is maturing its approach to risk management in order to strengthen internal controls and deliver on its business goals.

Sustainability Report

6

Introduction

At Pryme, our mission is to create a transformative societal and environmental impact by implementing our advanced recycling technology on an industrial scale. Our technology presents a concrete solution to address the world's plastic waste problem and supports circular economy goals, whilst reducing energy usage, limiting GHG emissions and saving valuable natural resources.

Advanced recycling of mixed plastic waste, predominantly consisting of polyethylene (PE) and polypropylene (PP), offers an alternative to incineration of mixed plastic waste but with a much lower environmental impact. Pryme's IMPACT & ESG strategy focuses on achieving positive environmental impacts compared to the best alternatives whilst building strong ESG credentials.

Actual environmental impacts (in particular energy usage, GHG emissions and disposal of wastewater) will be validated and the subject of continuous improvement once Pryme One has reached stable production at target levels.

Pryme is guided by a commitment to the Sustainable Development Goals (SDGs), ESG regulatory frameworks (CSRD/ ESRS) and the IFRS Accounting Standards-EU (IFRS S1 and S2). Pryme management does not anticipate that application of IFRS S1 and S2 will have a material impact on the Pryme financial statements in the period of initial application.

In anticipation of the new IFRS guidelines, Pryme has begun integrating qualitative sustainability information into its reporting, demonstrating its leadership ambition in advanced recycling. This initiative underlines Pryme's commitment to transparency, accountability, and long-term value creation for all stakeholders.

Our goal is to contribute to a better environment and more sustainable economy by enabling a shift from linear 'take, make, waste' to circular supply chains.

Pryme’s sustainability strategy is anchored in three foundational IMPACT pillars:

Circularity

where the focus is on converting mixed plastic waste into pyrolysis oil establishing a circular system for plastic, reducing emissions while conserving valuable resources. By focusing on circularity, we aim to break the linear pattern of plastic consumption and disposal, thus reducing the environmental burden and enabling a more sustainable future,

Health, Safety, and Environment (HSE)

emphasizing rigorous standards to ensure a safe workplace for our workforce and contractors. We recognize that our social impact begins with the people who dedicate their skills and efforts to our company, and thus, we maintain an steadfast commitment to best-in-class health and safety performance,

Social Responsibility and Innovation

we recognize our responsibility to exercise good governance and have a positive societal impact by actively supporting diversity and inclusion in our workforce, applying ethical business practices to all stakeholders and pioneering sustainable technologies through our in-house research and development activities.

Three pillars represent Pryme’s commitment to advancing the circular economy, prioritizing safety and environmental stewardship, and fostering innovation and ethical practices.

Sustainability impacts, risks, and opportunities

Pryme’s IMPACT & ESG strategy is based on an assessment of its operations as well as the value chain to determine sustainability impacts, risks, and opportunities (IRO). This includes evaluating its circular economy efforts, energy usage, emissions, and collaboration within the value chain to optimize resources and processes.

Pryme emphasizes the importance of retaining key staff, ensuring operational safety, and aligning with sustainability standards to support its ambition of leading in sustainable chemical recycling and contributing positively to the environment and society.

Key material sustainability matters (impacts) identified include:

- contributions to the circular economy,
- energy and materials efficiency,
- Greenhouse gas (GHG) emissions reduction,
- waste water treatment and disposal,
- compliance with EU taxonomy and HSE regulations.

Business model and value chain

Pryme is an innovative cleantech company focused on converting mixed plastic waste streams into pyrolysis oil through advanced recycling at an industrial scale. Advanced recycling is a new technology to plastic waste recycling that breaks the plastic waste down to its constituent molecular parts. This makes it possible to bring plastic back to the original raw materials which can be reconstituted into new polymers or a petro-chemical feedstock (second-life feedstock). Advanced recycling expands the range of materials that can be recycled, reduces the necessary resources in our economy and bridges the gap between supply and demand for high-quality, virgin-like, recycled plastics.

The conversion process requires energy (electricity) to heat the reactor and to run the extruders, pre-heating systems and the internal and external transport flows of plastic waste and pyrolysis oil. The market demand for pyrolysis oil is favorable and boosted by increasing regulatory pressure to embrace circular alternatives over landfill and incineration of plastics.

Feedstock for advanced recycling is virtually unlimited given the large volumes of plastic waste and the need for a "recycling loop" for plastics that are mostly incinerated or dispersed in the environment at present. Pryme claims the intellectual property (IP) with respect to its specific chemical recycling process and technology in current patent applications in the EU, the United States and Canada.

After the start of production from Pryme One, the company will focus on optimizing production processes and the procurement of plastic waste, energy, and additives, as well as the outputs including pyrolysis oil, non-condensable gases, and other waste. These efforts are intended to improve the circular plastics value stream and grow our contribution to environmental sustainability.

Circularity and chemical recycling

Pryme quickly recognized the need to integrate with established industry systems to secure a competitive, reliable, and, crucially, traceable supply chain for its industrial scale test plant in Rotterdam. By connecting with top-tier plastic waste converters, all with proven track records of regulatory compliance and certification, Pryme ensures its ability to convert mixed plastic waste into pyrolysis oil that will meet customer certification requirements.

Central to Pryme's mission is not just converting mixed plastic waste but proving it can be done while creating value through significant reductions in GHG emissions, energy usage and resource depletion. Key to this will be presenting a compelling Life Cycle Assessment (LCA) to regulators, off-takers, and consumers worldwide, that validates advanced recycling as a sustainable long-term solution. Pryme's technology team has implemented systems to collect over approximately 1.500 data points in real-time from the Pryme One operations. This data collection will enable Pryme to develop a robust LCA and, more importantly, forecast improvements based on anticipated enhancements to the facility. These efforts underline the company's commitment to reducing emissions, energy usage, and waste, while contributing to the circular economy.

During the initial phase of Pryme's operations and the commencement of commercial production of pyrolysis oil, the production process may experience inefficiencies. Pryme's objective is to progressively enhance its production process. It is important to acknowledge that optimizing a novel and innovative production process will require time and effort. Pryme's management is dedicated to this optimization process and aims to efficiently allocate resources, both human and otherwise, to achieve this goal.

Health, safety, and environment

Pryme operates in the highly regulated and closely monitored petrochemical industry, where it has demonstrated to regulators and other external parties its ability to meet and exceed leading Health, Safety, and Environment (HSE) standards. This is confirmed by positive external audits and recognized by visitors from across the petrochemical sector to the Pryme One site.

Additionally, when the company needed to recruit a full team of operators, the candidates' decision to join Pryme was significantly influenced by their confidence in the company's HSE standards and procedures. This not only reflects the effectiveness of Pryme's HSE management system but also underscores the impactful HSE culture it has established as part of its core values.

Social responsibility and innovation

The company fosters a culture of diversity, equality, inclusion, and innovation, with a strong desire to achieve positive impact. Through its R&D efforts, Pryme is at the forefront of developing technologies and practices that align with its social responsibility and innovation goals. Pryme is an active participant in Project ELECTRO, a collaborative initiative under the EU Horizon research and innovation program, with 12 other partners. This project aims to demonstrate innovative technologies that connect plastic waste management with the petrochemical industry, offering sustainable, low-carbon solutions for olefin and polyolefin production. Pryme's involvement focuses on showcasing the production of pyrolysis oil from mixed plastic waste, using an electrically heated reactor on an industrial scale. This project supports technological advancement in collaboration with experts from Ghent University and other partners, contributes to the development of sustainable circular solutions and delivers insights into the downstream market requirements.

To deliver on our business ambitions, Pryme management has assembled a diverse and professional team, spanning various ages, origins, genders, and nationalities, all committed to the company's impact goals. Despite best efforts, Pryme has not yet achieved the desired mix of men and women, especially in operations. In October 2023 Pryme has established an internal HR department to implement HR related standards and initiatives and support the efforts to improve the gender mix.

During 2023 various HR standards were implemented and enhanced to ensure that Pryme's growth is on solid ground and aligns with industry benchmarks as the employee base increases.

Sustainability governance within Pryme

Pryme has established a comprehensive governance structure to oversee its sustainability efforts, represented by the IMPACT Committee and ESG Committee. The IMPACT Committee, led by the CEO and comprised of key management members, is tasked with developing IMPACT & ESG strategy, ensuring regulatory compliance, and monitoring with IMPACT & ESG performance indicators. It collaborates closely with the ESG Committee of the Supervisory Board, which provides guidance and monitors the execution of ESG strategies. Together, these committees enable Pryme to align its sustainability practices with investor

expectations, regulatory requirements, and internal risk management processes, ensuring a proactive approach to sustainability governance.

Next steps in 2024

Next steps in the execution of Pryme's IMPACT stategy will encompass, subject to progress production ramp-up:

- Life Cycle Assessment, based on stable and close to full capacity production volumes
- Double materiality assessment
- Mass-balance calculations
- Stakeholder management and further roll-out of various governance policies

Christopher Hervé
CHAIR
Management Board and CEO

Metrics and targets

Driven by our desire for continuous improvement and measurable impact, Pryme started to compile IMPACT & ESG key performance indicators (KPI's) on a quarterly basis as of the 2nd quarter in 2022. The IMPACT & ESG metrics reported during 2023 mainly relate to social and governance aspects.

KPI's on our environmental and operational performance will be added in 2024 once Pryme starts commercial production.

The targets set for the Management Board in 2023 encompassed:

- Quantitative targets: HSE, number of 'very serious' incidents and number of lost time incidents
- Qualitative targets: ESG reporting and building team and organization.

The KPI's reported over 2022 and 2023 will be evaluated and serve as a basis to set the targets for 2024. Recording and reporting of meaningful environmental KPIs requires measurements based on stable and near full capacity production. Pryme management expects that relevant environmental KPIs to demonstrate IMPACT can be developed in 2024 and will be available for target setting for the financial year 2025.

Henning E. Jensen	Willem Michiel Kool	Boudewijn van Vliet	Jan Willem Muller	Emmanuel Colombel
CHAIR	VICE-CHAIR	MEMBER	MEMBER	MEMBER
Supervisory Board	Supervisory Board	Supervisory Board	Supervisory Board	Supervisory Board

Financial Statements

7

7.1. Consolidated Financial Statements

7.1.1. Consolidated Statement of Financial Position

Consolidated Statement of Financial Position				
in € 000	Notes	31-12-2023	31-12-2022	1-1-2022
Assets				
Non-current assets				
Intangible assets				
Development costs	7.3.1	6.132	6.132	5.848
Property, plant, and equipment				
Machinery under construction	7.3.2	0	33.818	16.851
Plant and equipment	7.3.2	39.038	4.063	0
R&D equipment	7.3.2	775	0	0
Office improvements & furniture	7.3.2	107	70	0
Right of use assets	7.3.3	5.661	3.801	359
Financial assets				
Other amounts receivable		175	242	51
Deferred taxes	**7.3.13**	1.608	954	0
TOTAL NON-CURRENT ASSETS		**53.496**	**49.078**	**23.108**
Current assets				
Inventories	7.3.4	83	0	0
Trade receivables, other receivables and prepaid expenses	7.3.5	1.412	1.755	743
Cash & cash equivalents	7.3.6	8.204	11.519	8.241
TOTAL CURRENT ASSETS		**9.700**	**13.274**	**8.984**
TOTAL ASSETS		**63.196**	**62.352**	**32.092**
Equity & Liabilities				
Group equity	7.1.3	39.479	39.781	26.753
Provisions				
Provisions for decommissioning	7.3.9	638	0	0
Liabilities				
Non-current liabilities				
Government grant	7.3.11	1.949	4.456	4.456
Payables to banks	7.3.10	6.901	7.657	0
Leasing liabilities	7.3.3	5.136	3.253	101
Deferred taxes	7.3.13	1.608	954	0
Other liabilities	7.3.10	272	555	0
TOTAL NON-CURRENT LIABILITIES		**15.866**	**16.874**	**4.556**
Current liabilities				
Payables to banks	7.3.12	756	541	0
Leasing liabilities	7.3.3	668	604	264
Trade payables	7.3.12	1.713	949	193
Payables relating to taxes and social security contributions	7.3.12	183	1	9
Other liabilities and accrued expenses	7.3.12	3.893	3.603	317
TOTAL CURRENT LIABILITIES		**7.212**	**5.698**	**783**
TOTAL EQUITY AND LIABILITIES		**63.196**	**62.352**	**32.092**

7.1.2. Consolidated Statement of Profit and Loss

Consolidated Statement of Profit and Loss

	Notes	2023		2022	
Expenses					
Personnel expenses	7.4.3	-3.981		-2.081	
Social security premiums and pension costs	7.4.4	-461		-126	
Other operating expenses	7.4.5	-2.818		-1.673	
TOTAL EXPENSES			**-7.259**		**-3.881**
Operating income (EBITDA)			**-7.259**		**-3.881**
Depreciation and amortization	7.4.6		-1.008		-482
Impairment losses	7.4.7		-7.163		0
Operating result (EBIT)			**-15.430**		**-4.363**
Financial income	7.4.8		304		2
Financial expenses	7.4.8		-285		-182
Profit before taxes			**-15.411**		**-4.542**
Income tax	7.4.9		0		-1
Net profit (loss)			**-15.411**		**-4.543**
Basic earnings as per ordinary share (in EUR)	7.5.5		-0,35		-0,17
Diluted earnings as per ordinary share (in EUR)	7.5.5		-0,24		-0,09

A Statement of Other Comprehensive Income (OCI) is not disclosed as there are no OCI components.

7.1.3. Consolidated Statement of Changes in Equity

Consolidated Statement of Changes in Equity

in € 000		Share capital	Share premium reserve	Share-based payments reserve	General reserve	Total equity
	Notes	**7.3.7**	**7.3.7**	**7.3.8**	**7.3.7**	
Balance at 1 January 2022		**€15**	**€ 30.055**	**–**	**€ -3.317**	**€ 26.753**
Appropriation of result					€ -4.543	€ -4.543
Issue of shares (Private Placement)	7.3.7	€ 1.633	€ 15.825			€ 17.458
Accrued for LTI plan	7.3.8			€112		€112
Balance as of 31 December 2022		**€1.648**	**€45.880**	**€112**	**€-7.859**	**€39.781**
Result for the period					€-15.411	€-15.411
Issue of shares (Private Placement)	7.3.7	€768	€13.936			€14.704
Accrued for LTI plan	7.3.8			€406		€406
Issue of RSUs and excercise options LTI plan	7.3.8	€3	€58	€-62	€1	€0
Balance as of 31 December 2023		**€2.419**	**€59.874**	**€455**	**€-23.269**	**€39.479**

7.1.4. Consolidated Statement of Cash Flows

Consolidated Statement of Cash Flows			
in € 000	Notes	2023	2022
Cash flow from operating activities			
Net income after taxes	7.1.2	-15.411	-4.543
Adjustments to reconcile operating result to net cash flows:			
Depreciation PPE and right-of-use assets	7.3.1	1.127	482
Impairment PPE	7.4.7	7.163	-
LTI Plan	7.3.8	405	112
Interest charges related to leases	7.1.2	296	156
Cancellation lease	7.3.3	-2	-
Movements in provisions	7.3.9	638	-
Movements in government grants	7.3.11	-371	-
Finance income and expense (non-lease)	7.4.8	-315	24
Income tax	7.4.9	-	1
Movements in working capital			
Movements in inventories	7.1.1	-83	-
Movements accounts receivable	7.3.5	368	-1.011
Movements trade payables	7.3.12	764	756
Movements in other payables	7.3.12	472	3.819
Interest received		278	2
Interest paid		-748	-302
Net cash flow from operating activities		**-5.419**	**-502**
Cash flow from investment activities			
Purchase of intangible assets	7.3.1	-	-283
Purchase of property, plant, and equipment	7.3.2	-13.939	-20.982
Proceeds from sale of financial assets	7.1.1	-	6
Increase (-)/ decrease (+) financial assets	7.1.1	67	-197
Government grant received in advance	7.3.11	2.357	-
Net cash flow from investment activities		**-11.516**	**-21.456**
Cash flow from financing activities			
Private placement	7.1.3	14.704	17.458
Payments arising from leasing liabilities	7.3.3	-760	-431
Payments arising from bank financing	7.3.10	-541	-2
Proceeds sale and lease-back	7.3.10	499	7.657
Repayment other non-current liabilities	7.3.10	-283	555
Net cash flow from financing activities		**13.619**	**25.237**
TOTAL CASH FLOW		**-3.315**	**3.278**
Cash and cash equivalents at the beginning of the period	7.1.1	11.519	8.241
Net increase in cash and cash equivalents in the period		-3.315	3.278
Cash and cash equivalents at the end of the period	7.1.1	8.204	11.519

In October 2022 Pryme entered into a sale and leaseback transaction of installation components. The total consideration amounts to € 8.2 million of which € 7.6 million was received in 2022. In 2023 € 0.5 million was received. The remaining receivable of € 0.1 million is expected to be received in 2024.

The cash flow 2022 (€ 0.5 million) of other non-current liabilities represents the net cash flow related to the recognition of liabilities for a concrete floor at Pryme One and a liability for ground lease payments related to the Amsterdam site minus redemption in 2022. In 2023 both liabilities have been partly redeemed.

The movement in government grants in 2023 relates to 1) the utilization of the ELECTRO government grant (€ 0.4 million negative) in the income statement, 2) the recognition under movements in working capital of the last 10% of the DEI government grant (€ 0.5 million positive) and 3) the amount government grants received in advance (€ 2.4 million), consisting of ELECTRO grant for € 2.3 million and DEI grant for € 37 thousand.
The full DEI government grant (€ 5.0 million) has been recognized and deducted from the book value of Plant and equipment, without impact on cash flows.

7.2. Main notes to the Consolidated Financial Statements

7.2.1. General Information

Main activities of the entity

The activities of the Pryme group of companies ("Group") consist of the development and application of innovative technology in the field of processing plastic waste into pyrolysis oil. Going forward the main revenue stream will relate to the production and sale of pyrolysis oil generated from plastic waste.

Disclosure of Group structure Pryme N.V.

Pryme N.V. is the head of the Group and parent company of Pryme Management B.V. and CCT International B.V. The latter is the parent company of both CCT Circular CleanTech B.V. and CCT Circular CleanTech Amsterdam B.V. Information on other related party relationships of the Group is provided in note 7.5.3.

Accounting principles

As of the financial year 2023 Pryme N.V. applies the International Financial Reporting Standards ("IFRS Accounting Standards") as adopted by the European Union ("IFRS Accounting Standards-EU") for the consolidated financial statements. As per Part 9, Book 2 DCC, Pryme uses the option to apply the accounting policies as used in the consolidated financial statements (article 362(8) DCC) for the company financial statements. By applying this option, reconciliation is maintained between group equity and company equity.

The transition date from Dutch GAAP to IFRS Accounting Standards-EU is 1 January 2022. For further information regarding the first-time adoption of IFRS Accounting Standards-EU we refer to note 7.2.3.

Pryme's (unaudited) interim reports issued in 2023 have been prepared in accordance with IFRS Accounting Standards-EU.

7.2.2. Going concern

Going concern

As a start-up company Pryme management regularly assesses the entity's ability to continue as a going concern. This assessment is based on the strategic and operational plans, the budget plan 2024, technology and market developments, liquidity and funding forecast 2024 - 1st half 2025 and assessment of other material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. These uncertainties include the availability and prices of feedstock, energy prices, technology disruptions and changing sustainability requirements.

Based upon Pryme's cash position as of 31 December 2023 (€ 8.2 million), the anticipated operational, investment and financing cash flows in 2024 (€ 3.2 million positive), and the first half of 2025 (€ 2.2 million negative), Pryme management assessed and satisfied itself that using the going concern assumption is appropriate. Pryme expects to have sufficient cash flow to meet the requirements for working capital and capital expenditures for at least 12 months after the signing date of these financial statements. The cash flows referred to above relate to Pryme's current operations (Pryme One) and organization.

Main matters for concern related to the cash flow forecast 2024 and 2025:

- Progress ramp-up production
- Timing additional capital expenditures in 2024 and 2025 (€ 6.7 million)
- Collection remaining 10% of DEI grant (€ 0.5 million)
- Development of plastic waste costs and energy costs

In April 2024 Pryme obtained €12.0 million additional funding through a private placement. Therefore, the company continues to adopt the going concern basis in preparing its consolidated financial statements and has prepared the financial statements for 2023 accordingly.

Due to Pryme's ambition to further roll out the concept demonstrated by Pryme One by building and operating other, larger plants, going forward attracting additional funding is required as the income from Pryme One operations is expected to be just sufficient to cover the current cost base. Pryme therefore continues to explore and evaluate various funding options to strengthen its financial position.

7.2.3. Significant accounting policies

Basis of Preparation

The consolidated financial statements of the Group have been prepared in accordance with the IFRS Accounting Standards-EU. For all periods up to and including the year ended 31 December

2022, the Group prepared its financial statements in accordance with local generally accepted accounting principles (Dutch GAAP). These financial statements for the year ended 31 December 2023 are the first the Group has prepared in accordance with the IFRS Accounting Standards-EU. Reference is made to note 7.2.3 for information on how the Group adopted the IFRS Accounting Standards-EU.

The consolidated and company financial statements have been prepared on a historical cost basis. The consolidated and company financial statements are presented in euros and all values are rounded to the nearest thousand (€ 000), except when otherwise indicated.

Application of new and revised standards and interpretations

The overview below shows the new and revised standards that have been issued with an effective date of 1 January 2024 and later. These standards will therefore be applied in the Annual report 2024 and later.

IASB and IFRS IC documents	(Expected) EU effective date
Amendments to IAS 1 Presentation of Financial Statements: - Classification of Liabilities as Current or Non-current (issued on 23 January 2020) - Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 15 July 2020); and - Non-current Liabilities with Covenants (issued on 31 October 2022)	1 January 2024
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosures Supplier Finance Arrangements (issued on 25 May 2023)	1 January 2024
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022)	1 January 2024
Amendments to IAS 21 The effect s of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023)	1 January 2025
IFRS 18 Presentation and Disclosure in Financial Statements (issued on 9 April 2024)	1 January 2027

According to our assessment, these new IFRS standards will have no material impact on Pryme's financial statements in the period of initial application.

Basis of consolidation

Financial information relating to Group companies and other legal entities controlled by Pryme N.V., has been consolidated in the financial statements of Pryme N.V. The consolidated financial statements have been prepared in accordance with the accounting principles of Pryme N.V.

Financial information relating to the Group companies is fully included in the consolidated financial statements, eliminating the intercompany relationships and transactions.

The subsidiaries included in the consolidation are:

- Pryme Management B.V., Rotterdam (100%)
- CCT Circular CleanTech B.V., Kapelle (100%);

- CCT Circular CleanTech B.V., Kapelle (100%);
- CCT Circular CleanTech Amsterdam B.V., Amsterdam (100%)

Subsidiaries are entities controlled by the Group. Pryme controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Consolidated financial statements from the date on which control commences until the date on which control ceases, using consistent accounting policies.

Summary of significant accounting policies

The Group's significant accounting policies are described in the relevant individual notes to the Consolidated financial statements or otherwise stated below. These policies have been consistently applied to the years presented, unless otherwise stated.

The individual notes are listed in the table of contents.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Expected to be realised within twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is due to be settled within twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Foreign currencies

The Group's consolidated financial statements are presented in euros, which is also the parent company's functional currency. All subsidiaries report in euros.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Cash flow statement

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement comprise cash at banks and in hand except for deposits with a maturity longer than three months. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received as well as income taxes are included in cash from operating activities. Transactions not resulting in inflow or outflow of cash, leases included, are not recognized in the cash flow statement. Payments of lease installments qualify as repayments of borrowings under cash used in financing activities and as interest charged under cash generated from operating activities.

First-time adoption of IFRS

Background

Pryme prepared its 2022 financial statements in the Netherlands under the application of Dutch GAAP, in accordance with Title 9, Book 2 of the Dutch Civil Code. For the financial year ended 31 December 2023 Pryme decided to apply the IFRS Accounting Standards-EU as adopted by the European Union for the consolidated financial statements.

This implies that the transition date from Dutch GAAP to IFRS Accounting Standards-EU is 1 January 2022. In this note we provide a reconciliation between the financial statements under the application of Dutch GAAP and IFRS Accounting Standards-EU with an explanation of the most important differences.

Approach

In general, a company is required to determine its IFRS accounting policies and apply these retrospectively to determine its opening balance sheet under IFRS. This is reflected in the following transition tables:

- Group reconciliation of equity as of 1 January 2022 (date of transition to IFRS)
- Group reconciliation of equity as of 31 December 2022
- Consolidated Statement of Profit and Loss for the year 2022
- Consolidated Statement of Changes in Equity for the year 2022
- Consolidated Statement of Cash Flows for the year 2022

These tables show the numbers as reported under Dutch GAAP and the (financial) effects of the conversion, based on the IFRS standards. An analysis showed that only the application of IFRS 16 (leases) requires (financial) adjustments to comply with IFRS:

Notes to conversion from Dutch GAAP to IFRS

Following an assessment of the relevant IFRS standards compared to Dutch GAAP it appeared that no adjustments are required to transition from Dutch GAAP to IFRS, except for IFRS 16 (Leases), IAS 12 (Income taxes), and IAS 20 (Grants).

In the notes to the (reconciliation) tables below, further information is provided regarding the reclassifications and remeasurements related to the conversion to IFRS as adopted.

Accounting principles

We refer to note 7.2.3 for the IFRS accounting policies applied in the (consolidated) financial statements 2023 and comparative numbers 2022.

Group reconciliation of equity as of 1 January 2022 (date of transition to IFRS):

Group reconciliation of equity as of 1 January 2022 (date of transition to IFRS)					
in € 000	Notes	Memo: Dutch GAAP	Reclassifications	Remeasurements	IFRS as at 1 January 2022
Assets					
Non-current assets					
Intangible assets					
Development costs	7.1.1	3.148	2.700	0	5.848
Property, plant, and equipment					
Machinery under construction	7.1.1	19.551	-2.700	0	16.851
Right-of-use assets	7.1.1	0	0	359	359
Financial assets					
Other amounts receivable		51	0	0	51
TOTAL NON-CURRENT ASSETS		**22.749**	**0**	359	**23.108**
Current assets					
Receivables & accrued income	7.1.1	1.279	-536	0	743
Cash & cash equivalents	7.1.1	8.241	0	0	8.241
Total current Assets		**9.520**	**-536**	**0**	**8.984**
TOTAL ASSETS		**32.269**	**-536**	**359**	**32.092**
Equity & Liabilities					
Equity					
Share capital	7.1.3	15	0	0	15
Share Premium Reserve	7.1.3	30.055	0	0	30.055
Legal reserves	7.1.3	3.148	-3.148	0	0
General Reserves	7.1.3	-6.460	3.148	-5	-3.317
TOTAL EQUITY		**26.759**	**0**	**-5**	**26.753**
Liabilities					
Non-current liabilities					
Government grant	7.1.1	4.992	-536	0	4.456
Leasing liabilities	7.1.1	0	0	101	101
Other liabilities	7.1.1	0	0	0	0
TOTAL NON-CURRENT LIABILITIES		**4.992**	**-536**	**101**	**4.556**
Current liabilities					
Leasing liabilities	7.1.1	0	0	264	264
Trade payables	7.1.1	193	0	0	193
Payables relating to taxes and social security contributions	7.1.1	9	0	0	9
Other liabilities & accrued expenses	7.1.1	317	0	0	317
Total current liabilities		**519**	0	**264**	**783**
TOTAL EQUITY AND LIABILITIES		**32.269**	**-536**	**359**	**32.092**

Notes to the reconciliation of equity as of 1 January 2022:

Dutch GAAP uses an Operating and Finance Lease model, which differs from IFRS 16 that applies a single lessee accounting model. IFRS accounting is similar with the Finance lease accounting in Dutch GAAP.

The main difference in the transition from Dutch GAAP to IFRS therefore relates to the Operating leases in place at Pryme. These leases encompass land, warehouse space, various offices, and various car leases. The right-of-use assets recognized as of 1 January 2022 amount to € 0.4 million. The related leasing liabilities recognized in 2022 under IFRS amount to € 0.4 million.

Government grants under Dutch GAAP were reported as deferred income for the total amount granted (€ 5.0 million). Installments to be received after final settlement of the grant (€ 0.5 million) were recognized as a receivable. In order to better reflect the financial position and avoid inflated balance sheet positions, advance payments not yet received (€ 0.5 million) have been deducted from both the current receivables and deferred income. The grant qualifies as investment grant and therefore has been deducted from plant and equipment as of 31 December 2023 as the grant is considered final.

The legal reserves have been reclassified to the general reserve as the related development costs are recognized in CCT International B.V. (Belgian subsidiary).

The weighted average incremental borrowing rate applied to leasing liabilities recognized in the statement of financial position at the date of initial application was 5,5%.

Group reconciliation of equity as of 31 December 2022:

Group reconciliation of equity as of 31 December 2022					
in € 000	Notes	Memo: Dutch GAAP	Reclassifications	Remeasurements	IFRS as at 31 December 2022
Assets					
Non-current assets					
Intangible assets					
Development costs	7.1.1	3.432	2.700	0	6.132
Property, plant, and equipment					
Property not used in production process	7.1.1	4.063	-4.063	0	0
Machinery under construction	7.1.1	36.587	-2.700	0	33.887
Plant and equipment	7.1.1	0	4.063	0	4.063
Right-of-use assets	7.1.1	0	0	3.801	3.801
Financial assets					
Other amounts receivable	7.1.1	242	0	0	242
Deferred taxes	**7.1.1**	0	0	954	954
TOTAL NON-CURRENT ASSETS		**44.324**	**0**	**4.755**	**49.079**
Current assets					
Receivables & accrued income	7.1.1	2.290	-536	0	1.755
Cash & cash equivalents	7.1.1	11.519	0	0	11.519
Total current Assets		13.810	-536	0	13.274
TOTAL ASSETS		**58.134**	**-536**	**4.755**	**62.352**
Equity & Liabilities					
Equity					
Share capital	7.1.3	1.648	0	0	1.648
Share Premium Reserve	7.1.3	45.880	0	0	45.880
Legal reserves	7.1.3	3.432	-3.432	0	0
General Reserves	7.1.3	-11.122	3.432	-56	-7.747
TOTAL EQUITY		**39.837**	0	**-56**	**39.781**
Liabilities					
Non-current liabilities					
Government grant	7.1.1	4.992	-536	0	4.456
Payables to banks	7.1.1	7.657	0	0	7.657
Leasing liabilities	7.1.1	0	0	3.253	3.253
Deferred taxes	7.1.1	0	0	954	954
Other liabilities	7.1.1	555	0	0	555
TOTAL NON-CURRENT LIABILITIES		**13.203**	**-536**	4.207	**16.874**
Current liabilities					
Payables to banks	7.1.1	541	0	0	541
Leasing liabilities	7.1.1	0	0	604	604
Trade payables		949	0	0	949
Payables relating to taxes and social security contributions	7.1.1	1	0	0	1
Other liabilities & accrued expenses	7.1.1	3.603	0	0	3.603
Total current liabilities		5.093	0	604	5.698
TOTAL EQUITY AND LIABILITIES		**58.134**	**-536**	**4.755**	**62.352**

Notes to the reconciliation of equity as of 31 December 2022:

Dutch GAAP uses an Operating and Finance Lease model, which differs from IFRS 16 that applies a single lessee accounting model. IFRS accounting is similar with the Finance lease accounting in Dutch GAAP.

The main difference in the transition from Dutch GAAP to IFRS therefore relates to the Operating leases in place at Pryme. These leases encompass land, warehouse space, certain equipment at Pryme One, various offices, the ground lease of the Amsterdam site and various car leases. The right-of-use assets recognized in 2022 amount to € 3.8 million. The related leasing liabilities recognized in 2022 under IFRS amount to € 3.8 million. Property not used in the production process (€ 4.1 million) mainly relates to plant and equipment of the Amsterdam site and has been reclassified to Plant and equipment.

For the Government Grant adjustments please refer to the notes on the equity reconciliation as of 1 January 2022.

The legal reserves have been reclassified to the general reserve as the related development costs are recognized in CCT International B.V. (Belgian subsidiary).

In 2022, according to IAS 12 (income taxes), a deferred tax liability of € 1.0 million has been recognized related to the right-of-use assets and a deferred tax asset of € 1.0 million has been recognized related to leasing liabilities.

Consolidated Statement of Profit and Loss for the year 2022:

Consolidated Statement of Profit and Loss for the year 2022				
in € 000	Notes	Memo: Dutch GAAP Full year 2022	Remeasurements	IFRS 2022
Expenses				
Personnel costs	7.1.2	-1.848	-234	-2.081
Social security premiums and pension costs	7.1.2	-126	0	-126
Other employee related expenses	7.4.4	-234	234	0
Rental expenses	7.4.5	-806	587	-219
SG&A expenses	7.4.5	-1.454	0	1.454
TOTAL EXPENSES		**-4.468**	**587**	**-3.881**
Operating income (EBITDA)		-4.468	587	-3.881
Depreciation and amortization	7.1.2	0	-482	-482
Operating result (EBIT)		-4.468	105	-4.363
Financial income / (expense)	7.1.2	-23	-156	-179
Profit before taxes		-4.491	-51	-4.542
Income tax	7.1.2	-1	0	-1
Net profit (loss)	7.1.2	-4.492	-52	-4.543

Notes to the Statement of Profit and Loss:

The other employee related expenses are reclassified to Personnel costs to better reflect the total Personnel costs.

The application of IFRS 16 requires recognizing operational lease in the balance sheet as right-of-use assets and leasing liabilities and translate leasing costs under Dutch GAAP (€ 0.6 million) into depreciation (€ 0.5 million) and interest expenses (€ 0.2 million) under IFRS. The balance (€ 51 thousand negative) increases the net loss.

Consolidated Statement of Changes in Equity for the year 2022:

Consolidated Statement of Changes in Equity for the year 2022						
in € 000		Share capital	Share premium reserve	Share-based payment reserve	General reserve	Total equity
	Notes	**7.3.7**	**7.3.7**	**7.3.8**	**7.3.7**	
Balance at 1 January 2022		**€15**	**€ 30.055**	**-**	**€ -3.317**	**€ 26.753**
Appropriation of result					€ -4.543	€ -4.543
Issue of shares (Private Placement)	7.3.7	€ 1.633	€ 15.825			€ 17.458
Accured share-based incentive plan	7.3.8			112		112
Balance as of 31 December 2022		**€1.648**	**€45.880**	**€112**	**€-7.859**	**€39.781**

Notes to the Changes in Equity:

The impact of the application of IFRS 16 on the opening balance sheet as of 1 January 2022 amounted to € 5 thousand negative. The impact of the change in accounting principles on the net result of 2022 amounts to € 51 thousand negative. As of 31 December 2022, the cumulative impact of the conversion from Dutch GAAP to the IFRS Accounting Standards-EU on equity amounts to € 56 thousand negative.

Consolidated Statement of Cash Flows for the year 2022:

Consolidated Statement of Cash Flows for the year 2022				
in € 000	Notes	Dutch GAAP	Remeasurements	IFRS financial year 2022
Cash flow from operating activities				
Net income after taxes	7.1.2	-4.492	-51	-4.543
Adjustments to reconcile net income to net cash flows				
Depreciation PPE and right-of-use assets	7.1.2	0	482	482
Long-term incentive plan	7.3.8	112	0	112
Interest charges related to leases	7.3.3	0	156	156
Finance income and expense (non-lease)	7.4.8	24	0	24
Income tax	7.4.9	0	1	1
Movements in working capital				
Movements accounts receivable	7.3.5	-1.011	0	-1.011
Movements trade payables	7.3.12	756	0	756
Movements in other payables	7.3.12	3.818	1	3.819
Interest received		2	0	2
Interest paid		-27	-275	-302
Net cash flow from operating activities		-817	315	-502
Cash flow from investment activities				
Purchase of intangible assets	7.3.1	-283	0	-283
Purchase of property, plant, and equipment	7.3.2	-21.100	119	-20.982
Proceeds from sale of financial assets	7.1.1	6	0	6
Increase (-)/ decrease (+) financial assets	7.1.1	-197	0	-197
Net cash flow from investment activities		-21.575	119	-21.456
Cash flow from financing activities				
Private placement	7.3.1	17.458	0	17.458
Payments arising from bank financing	7.3.3	0	-431	-431
Payments arising from financial lease liabilities	7.3.10	0	-2	-2
Proceeds sale and lease-back	7.3.3	7.657	0	7.657
Other non-current liabilities	7.3.10	555	0	555
Net cash flow from financing activities		25.670	-433	25.237
TOTAL CASH FLOW		**3.278**	**0**	**3.278**
Cash and cash equivalents at the beginning of the period	7.1.1	8.241	0	8.241
Net increase in cash and cash equivalents in the period		3.278	0	3.278
Cash and cash equivalents at the end of the period	7.1.1	11.519	0	11.519

Notes to the Cash flows:

The reclassifications and remeasurements in the Statement of Cash Flows mainly relate to the recognition in the balance sheet of the (operational) leases. In 2022 under Dutch GAAP these lease payments (€ 0.6 million, of which € 0.4 million repayment of the lease liability) were reported as other operating expenses and are converted into depreciation (€ 0.5 million) and interest expenses (€ 0.2 million). This results in a lower net income after taxes (€ 51 thousand).

The plant and equipment funded by bank (equipment) financing, following a sale and lease back transaction, are not considered right-of-use assets ('failed' sale in terms of IFRS 15) and remain part of the non-current assets (€ 8.3 million). The capitalized interest in 2022 arising from bank financing of € 119 thousand was included in the purchase of property, plant, and equipment in the Dutch GAAP Statement of Cash Flows. This has been reclassified to "interest paid" in the IFRS Statement of Cash Flows. The repayment of the principal amount of the bank financing (€2 thousand) is disclosed under cash flow from financing activities.

Restatement (reclassification)

In 2020, effectively as of 31 December 2019, Pryme acquired various assets related to the development, design, and construction of a chemical recycling plant (Pryme One). At the end of 2023, the Pryme One installation was completed. The costs of a self-constructed installation have to be broken down into logical components with a similar depreciation term. This analysis and review of the total costs capitalized under machinery under construction revealed that € 2.7 million of the total amount of € 50.8 million should have been disclosed as an intangible asset (development costs).

The error has been corrected by reclassifying, retrospectively to 1 January 2022, an amount of € 2.7 million from property, plant, and equipment (Machinery under construction) to Intangible assets (Development costs). Reference is made to note 7.2.3 (Group reconciliation of equity as of 1 January 2022 and as of 31 December 2022).

The legal reserves have been reclassified to the general reserve as the related development costs are recognized in CCT International B.V. (Belgian subsidiary), as the legal reserve should not have been disclosed separately due to the fact that the development costs related to a subsidiary within the group.

The changes did not have an impact on the Statement of Profit and Loss 2022 and 2023 or the Group's operating, investing, and financing cash flows.

7.2.4. Financial risk Management

The main financial risks identified by the Management Board to achieve Pryme's objectives are elaborated below:

- Safeguard sufficient funding – Reference is made to note 7.2.2 (going concern)
- Interest rate risk – Interest rate risk applies both to interest received on the excess cash position, which is linked to the European Short-term Rate (ESTR) and impact on the pricing of external funding and (new) leasing agreements.
- Credit risk – Currently this risk is low as Pryme did not start commercial production of Plant One and therefore has a low level of receivables.
- Liquidity risk – This risk is managed based on monthly cash flow forecasts to avoid liquidity constraints.
- Fraud risk, mitigated by:
  - Setting the tone at the top that any fraud is not tolerated
  - Segregation of duties and other internal control measures
  - Introduction of a code of conduct, formalizing the best practices in place
  - Continuous awareness communication and request to speak-up regarding any (suspicion of) non-compliance with our ethical standards

Based on the risk assessment, mitigating actions are put in place to manage these risks. Periodically the Management Board and the Supervisory Board update and review these risks and take appropriate action, if needed.

Capital structure

Capital structure				
in € 000	Notes	31-12-2023	31-12-2022	1-1-2022
Leasing liabilities and other non-current liabilities	7.1.1	13.733	12.610	364
Grants	7.3.11	1.949	4.456	4.456
Trade payables and other payables and accrued expenses	7.1.1	5.789	4.552	519
Less: Cash and cash equivalents	7.1.1	-8.204	-11.519	-8.241
Net debt		13.267	10.099	-2.902
Equity	7.1.3	39.479	39.781	26.753
Total Equity and Net debt		52.746	49.879	23.852
Gearing ratio		25.2%	20.2%	-12.2%

To Pryme capital management, capital includes issued capital, share premium and all other equity reserves attributable to the shareholders and the net debt position. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group's objective when managing capital is to safeguard its ability to continue as a goin concern (see note 7.2.2) in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

Pryme's funding strategy is directed at establishing and maintaining an optimal financing structure that takes into account the current asset base as well as the current and future investment plans. As a start-up company Pryme may fail to timely obtain the necessary equity, grants, or debt funding, which could prevent the company from continuing as a going concern and preventing the company from executing its strategy to roll-out the "proof of concept plant" Pryme One and start building larger plants. Pryme works actively to maintain and further expand the current funding base.

The Group manages its capital structure and aims to expand the gearing ratio, which is 'net debt' divided by total equity plus net debt. The Group's policy is to move to a gearing ratio between 20% and 40%. Within net debt the Group includes interest bearing (leasing) loans and borrowings, trade and other payables, less cash and cash equivalents. Given the nature of the long-term asset base, the company needs a large proportion of long-term funding, either equity, financing, or hybrid funding.

To achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets (financial) conditions attached to government grants, lease agreements and other interest-bearing loans and borrowings that define capital structure requirements. These agreements do not contain obligations to meet certain financial ratios. There have been no breaches of the (financial) conditions in the current period.

No changes were made in the objectives, policies, or processes for managing capital during the years ending on 31 December 2023 and 31 December 2022.

7.2.5. Significant estimates and judgements

The preparation of the Pryme consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the related disclosures, and the disclosure of contingent assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities in future periods. Despite management's best efforts to accurately estimate such amounts, future results could materially differ from those estimates.

The following management insights, estimates and assumptions, given the nature of Pryme's activities, might have significant impact on the financial statements. The key elements of uncertainty in the estimates are as follows:

Key estimates

- Estimates and assumptions related to impairment test of Pryme One (note 7.4.7) and the financial forecast (note 7.2.2 Going concern)
- Impairment test of intangible and property, plant, and equipment
- Estimating the incremental borrowing rate

Key judgements

- Anticipated duration of the leasing contract for the Pryme One site (note 7.3.3)
- Useful life of Plant and Equipment Pryme One (note 7.4.6)
- Useful life of intangible assets (note 7.3.1)
- Valuation deferred tax asset (note 7.3.13)
- Residual value and provision for decommissioning Pryme One (note 7.3.9)

Estimates and assumptions related to impairment test of Pryme One

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation should be based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. This information is not available.

The value in use calculation is based on a DCF model. The cash flows are derived from the budget 2024 and a forecast for the next 7 years. Pryme is not committed to significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows, production efficiency and cost level growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the CGU Pryme One are further explained in note 7.4.7.

Impairment test of intangible assets

Similar to the impairment testing for Pryme One the value in use value of the intangible assets (development costs) have been tested. Based on the anticipated revenues of Pryme One and the agreed upon Intellectual Property fees, the value in use exceeds the carrying value of the intellectual property. For further details we refer to note 7.3.1.

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of Pryme. Such changes are reflected in the assumptions when they occur.

Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available. The main source of information are the interest rates charged on new contracts. Comparing these interest rates and international benchmark interest percentages for large, mature chemical companies, we notice that for Pryme as small start-up entity, the cost of (asset-backed) debt on average lies approximately 5% above the interest rate of Dutch government bonds with a duration of 10 years.

Anticipated duration of the leasing contract for the Pryme One site

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate. For the Pryme One site, the Group assumes to make use of the extension option for 5 years starting as of 1 March 2027 till 29 February 2032, unless the lessor gives notice of termination.
Pryme further assumes to continue the lease of the main components (a reactor, two extruders and a walking floor) of the installation. For further details regarding leasing, we refer to note 7.3.3.

In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Useful life of Plant and Equipment Pryme One

The useful life of Pryme One is closely connected to the anticipated period the Pryme One installation will be used for testing and generating process data as input for the design, construction, and production process of future larger chemical recycling plants. Pryme Management assumes that the Pryme One plant will be used for 8 years until 29 February 2032, in line with the assumed duration of the lease contract of the Pryme One site.

Useful life of intangible assets

The useful life of the asset is estimated at 5 years (straight-line), taking into consideration the anticipated technological obsolescence (rapid changes in technology), which might reflect a reduction of the future economic benefits.

Valuation of the deferred tax asset

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Taking into account the lack of track record for Pryme to generate profits, the uncertainties surrounding the Pryme business model and activities and the significant period anticipated to recover these losses, Pryme only recognized a deferred tax asset up to the level of the deferred tax liability related to right-of-use assets recognized in the financial statements of 2023.

For further details reference is made to note 7.3.13.

Residual value and provision for decommissioning Pryme One

Pryme has recognized a provision for decommissioning obligations associated with the Pryme One site and installation. Our assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the site and the expected timing of those costs.

The estimates and the underlying assumptions are reviewed on a regular basis. Adjustments are made in the period in which the estimates were reviewed, if the adjustment affects that period, or in the relevant period and the future periods if the adjustment affects both current and future periods.

7.3. Notes to the Consolidated Statement of Financial Position

7.3.1. Intangible Assets

Accounting policies

Intangible assets are stated at cost less accumulated amortization and impairment losses. Impairment testing is executed if an impairment trigger is identified. This is relevant if the carrying amount of the asset (or of the cash-generating unit to which the asset belongs) is higher than its recoverable amount. With regards to the determination as to whether an intangible asset is subject to an impairment, please refer to the note below.

Research costs are recognized in the consolidated profit and loss account. Expenditure on development projects is capitalized as part of the production cost if it is likely from both a commercial and technical perspective that the project will be successful (i.e.: if it is likely that economic benefits will be realized) and the cost can be determined reliably. The amortization of capitalized development costs commences at the time when the commercial production starts and takes place over the expected future useful life of the asset. The useful life of the asset is estimated at 5 years (straight-line).

Movements in intangible assets

Intangible Assets		
in € 000	Note	Development costs
Cost		
At 1 January 2022	7.2.3	5.848
Additions - internally developed		283
At 31 December 2022		**6.132**
Additions - internally developed		0
At 31 December 2023		**6.132**
Amortization and impairment		
At 1 January 2022		0
Amortization	7.4.6	0
At 31 December 2022		**0**
Amortization	7.4.6	0
At 31 December 2023	**7.1.2**	**0**
Net book value		
At 1 January 2022	7.1.1	5.848
At 31 December 2022	**7.1.1**	**6.132**
At 31 December 2023	**7.1.1**	**6.132**

The development costs encompass all efforts spent on:

- Intellectual property and know-how regarding the conversion of plastic waste into a form of (pyrolysis) oil, including (claims to) patents, trademarks, etc.
- All developed design, engineering (software), tools and equipment for the above process.
- All documentation of process modules, manufacturing methods and software programs.

Amortisation started on 1 January 2024, after commencing commercial production at plant Pryme One. The remaining amortization period is therefore 5 years. Impairment testing confirmed that the carrying value is below the recoverable amount.

No borrowing costs directly attributable to the development costs have been capitalized as part of the intangible asset.

Impairment development costs

The recoverable amount of the development costs (Cash Generating Unit (CGU) R&D and Intellectual Property is determined based on a value in use calculation using the expected license payments from Pryme One covering an eight-year period. This period is in line with the expected economic life of Pryme One. As a result of this analysis, management did not identify an impairment for this CGU. Reference is made to note 7.4.6.

7.3.2. Property, plant, and equipment - owned assets

Accounting policies

Property, plant, and equipment mainly comprises plant and equipment of Pryme One (Rotterdam), our labscale plant at Ghent University and property not used in production (Amsterdam site).

Plant and equipment are broken down into their components and carried at cost, net of accumulated straight-line depreciation and less any impairment losses. Borrowing costs that are directly attributable to the construction of the plant form part of the cost of Plant and equipment. This also applies to externally financed equipment reported under this section. Other borrowing costs are recognised as an expense. Costs encompass the initial cost plus other direct acquisition costs (duties and transport) and installation costs that can be allocated directly, such as design and engineering costs as well as hours of own employees and contractors. Investment grants are deducted from the costs.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item are expected and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. Costs of repairs and maintenance that do not increase the future economic benefits are recognized as expenses.
To the extent that dismantling obligations exist at the end of the useful life, these estimated costs and any amendments thereto are included in the cost of the assets.

Impairments expected at year-end of the reporting period are considered (see note 7.4.7).

Depreciation is calculated using the straight-line method to allocate the cost of the assets to their residual values over their estimated useful economic lives as follows:

- Land: No depreciation
- Plant and equipment 8 years

- R&D facility equipment 4 years
- Office furniture and equipment 3-5 years

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and reported as an adjustment of the depreciation or amortization of the assets involved. In 2023 no such gains or losses are included in the consolidated statement of profit and loss.

Movements in property, plant, and equipment – owned assets

Property, plant and equipment							
in € 000	Notes	PPE not used in production process	Machinery under construction	Plant and equipment	R&D equipment	Office improvements and furniture	Total
Cost							
At 1 January 2022		0	16.851	0	0	0	16.851
Additions		4.063	17.037	0	0	0	21.100
Reclassification Amsterdam site	1)	-4.063	0	4.063	0	0	0
Transfer	2)	0	-70	0	0	70	0
At 31 December 2022		**0**	**33.818**	**4.063**	**0**	**70**	**37.951**
Additions		0	14.301	0	39	62	14.403
Transfer completed installation	3)	0	-48.119	47.130	990	0	0
Government grant (DEI subsidy)	4)	0	0	-4.992	0	0	-4.992
At 31 December 2023		**0**	**0**	**46.201**	**1.029**	**132**	**47.362**
Depreciation and impairment							
At 1 January 2022		0	0	0	0	0	0
Depreciation		0	0	0	0	0	0
At 31 December 2022		**0**	**0**	**0**	**0**	**0**	**0**
Depreciation		0	0	0	-254	-25	-279
Impairment	5)	0	0	-7.163	0	0	-7.163
At 31 December 2023		**0**	**0**	**-7.163**	**-254**	**-25**	**-7.442**
Net book value							
At 1 January 2022		0	16.851	0	0	0	16.851
At 31 December 2022		**0**	**33.818**	**4.063**	**0**	**70**	**37.951**
At 31 December 2023	7.1.1	**0**	**0**	**39.038**	**775**	**107**	**39.920**

1)
The Amsterdam site (property, plant, and equipment not used in production process) mainly relates to plant and equipment and has been reclassified to plant and equipment.

2)
Due to the non-material amount of € 70 thousand this transfer was not reported separately in the Financial Statements 2022. In these Financial Statements the capital expenditures related to office improvements and furniture are reported separately.

3)
At the end of December 2023 the Pryme One installation has been completed and ready for operation. Therefore all capital expenditures (€ 47.1 million) have been transferred to plant and equipment.
The transferred amount contains € 0.6 million of capitalized interest related to the bank (equipment) financing, following the sale and lease back transaction in October 2022. Reference is

The transferred amount contains € 0.6 million of capitalized interest related to the bank (equipment) financing, following the sale and lease back transaction in October 2022. Reference is made to note 7.3.9 for further details. The incremental borrowing rate applied for capitalization is 5.8%.

4)
As of 31 December 2023 the DEI subsidy, amounting to € 5.0 million, has been deducted from the related capital investments, resulting in a lower book value. Reference is made to note 7.7.10.

5)
Impairments relate to components which will not deliver future economic benefits, like a reactor that was part of an asset deal in 2020. These impairment losses are recognised in the Statement of Profit and Loss. Reference is made to note 7.4.7 regarding impairment testing.

The additions in machinery under construction of € 1.0 and € 13.3 million relate to the R&D facility at Ghent University (Belgium) and the Pryme One plant in Rotterdam, respectively. The additions include borrowing costs directly attributable to the construction of Pryme One. The amount of capitalized borrowing costs during the period amounts to € 0.5 million.
Depreciation starts after commencing commercial production at plant Pryme One as of 1 January 2024. The Lab installation (R&D equipment) in Ghent is in use and being depreciated as of 1 January 2023.

The property not used in production relates to the Amsterdam site. Pryme management has decided to sell Pryme's Amsterdam site. Reference is made to note 7.5.4 (subsequent events). Considering the market dynamics and offers received over the last two years, the plant and equipment of the Amsterdam site has been written down by € 2.3 million.

7.3.3. Leases

Accounting policies

Identification as lease contract

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for a consideration. Pryme applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use the underlying assets. In line with the nature of its activities, Pryme has long-term land leases and leases of other non-current assets such as Plant and equipment and company cars. Most of the contracts contain extension options.

Some contracts contain both lease and non-lease components. Pryme allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements in general do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets cannot be used as security for borrowing purposes by Pryme.

Right-of-use assets

Pryme recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Plant and machinery 8 to 10 years
- Lab scale R&D equipment (Ghent University) 4 years
- Motor vehicles and other equipment 3 to 5 years
- Office space 1,5 to 4 years

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If Pryme is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

In case the ownership of the leased asset transfers to Pryme at the end of the lease term, the cost reflects the exercise of a purchase option. The right-of-use assets are also subject to impairment. We refer to the accounting policies in note 7.4.7 (Impairment).

Leasing liabilities

At the commencement date of the lease, Pryme recognises leasing liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable.

Lease payments are allocated between a principal and interest expense. The interest expense is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The principal amount of the lease payment is deducted from the lease liability.

Some lease arrangements do contain an obligation to dismantle and remove the underlying asset, restore the site on which it is located or restore the underlying asset to a specified condition. To the extent that dismantling obligations exist at the end of the useful life, these estimated costs and any amendments thereto are included in the cost of the assets or decommissioning costs are expected to be offset against the proceeds of the materials disposed of.

Short-term leases and leases of low-value assets

Pryme applies the short-term lease recognition exemption to its short-term leases of equipment, cars, and office space i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of office equipment and software that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Incremental borrowing rate

The lease payments are mostly discounted using the incremental borrowing rate of Pryme. This is because the interest rate implicit in the lease can in most instances not be readily determined. The incremental borrowing rate is the rate that Pryme would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset, in a similar economic environment with similar terms, security and conditions.

As a basis for the calculation of the applicable discount rate, a risk-free rate is used, being the interest rate on Dutch government securities, plus 5 percentage points. The incremental borrowing rate for new leases in 2023 is set at 8.25%.

Movements in property, plant, and equipment – leased assets

Leasehold equipment includes the extruders, reactor, walking floor and some other equipment installed and in use at Pryme One, office space as well as some vehicles.

Movements of the carrying amounts of Right-of-use assets:

Movements of the carrying amounts of Right-of-use assets

in € 000	Notes	Land and Buildings	Plant and equipment	Vehicles	Total
Purchase price of operating assets		840	0	137	977
Accumulated depreciation		-613	0	-5	-618
Carrying amount as of 1 January 2022	7.2.3	**227**	**0**	**132**	**359**
Additions		1.839	0	101	1.940
Depreciation expense		-442	0	-40	-482
Remeasurements		1.996	0	-12	1.984
Divestment purchase price		-24	0	0	-24
Divestment accumulated depreciation		24	0	0	24
Carrying amount as of 31 December 2022	7.2.3	**3.621**	**0**	**179**	**3.801**
Purchase price of operating assets		4.652	0	225	4.877
Accumulated depreciation		-1.031	0	-46	-1.077
Carrying amount as of 31 December 2022	7.2.3	**3.621**	**0**	**179**	**3.801**
Additions		149	607	82	838
Depreciation expense		-646	-152	-50	-848
Remeasurements		1.890	17	16	1.923
Divestment purchase price		-80	0	-73	-154
Divestment accumulated depreciation		80	0	21	102
Carrying amount as of 31 December 2023	7.1.1	**5.015**	**471**	**175**	**5.661**
Purchase price of operating assets		6.611	623	250	7.484
Accumulated depreciation		-1.596	-152	-75	-1.823
Carrying amount as of 31 December 2023	7.1.1	**5.015**	**471**	**175**	**5.661**

Movements of lease liabilities

in € 000	Notes	2023	2022
As at 1 January		**3.857**	**364**
Additions		838	1.926
Accretion of interest		296	156
Remeasurements		1.923	1.998
Divestments		-54	0
Payments		-1.056	-587
As at 31 December		**5.804**	**3.857**
Current	7.1.1	668	604
Non-current	7.1.1	5.136	3.253

Lease expenses recognised in the consolidated statement of profit and loss

in € 000	Notes	2023	2022
Depreciation expense of right-of-use-assets	7.4.6	848	482
Interest expense on lease liabilities	7.4.8	296	156,
Expense relating to short-term leases	7.4.5	441	221
Total amount recognized in the Profit and Loss		**1.585**	**859**

Maturity analysis - Contractual undiscounted lease cash flows as of 31 December 2023

in € 000	Within one year	One to five years	More than five years	Total
Contractual undiscounted lease cash flows - Land and buildings	714	2.734	7.188	10.636
Contractual undiscounted lease cash flows - Plant and equipment	233	303	0	536
Contractual undiscounted lease cash flows - Transport	66	132	0	198
At 31 December 2023	**1.013**	**3.169**	**7.188**	**11.371**
Lease liabilities included in the Statement of Financial Position as of 31 December 2023				**5.804**
Current				**668**
Non-current				**5.136**

Pryme had non-cash additions to right-of-use assets and lease liabilities of €2.8 million in 2023 (€ 3.9 million in 2022). There are no future cash outflows relating to leases that have not yet commenced.

Lease commitments:

As of 31 December 2023, there are no material leases to which Pryme has committed, but which have not yet commenced.

Maturity analysis - Contractual undiscounted lease cash flows as of 31 December 2023:

The average weighted duration of the lease commitments is 229 months (19.1 years), which is relatively high due to the ground lease Amsterdam site running till 2067. The ground lease of the Amsterdam site and the lease of the Pryme One site account for respectively € 6.2 and € 4.4 million of the total contractual undiscounted lease cash flows.

Lease extension and termination options:

Pryme has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with Pryme's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

The lease agreement with Plant One Rotterdam (Pryme One site) offers the option to extend the lease term after the current term ending 28 February 2027. Currently Pryme has the intention to extend this lease with another five-year term up to and including 29 February 2032. After this date the lease can be continued for consecutive periods of one year, subject to termination by both lessee and lessor with a notice period of twelve months.

Therefore, there are no material undiscounted potential future lease payments relating to periods following the exercise date of extension options that is not already included in the lease term.

7.3.4. Inventories

Accounting policies

Inventories are valued at the lower of cost and net realisable value. The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the tax authorities), and transport, handling, and other costs directly attributable to the acquisition of finished goods, materials, and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

The costs of conversion of inventories include costs directly related to the units of production, such as direct labour and energy. They also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. Fixed production overheads are those indirect costs of production that remain relatively constant regardless of the volume of production, such as depreciation and maintenance of factory buildings, equipment and right-of-use assets used in the production process, and the cost of factory management and administration. Variable production overheads are those indirect costs of production that vary directly, or nearly directly, with the volume of production, such as indirect materials and indirect labour.

The allocation of fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities. Normal capacity is the production expected to be achieved on average over a number of periods or seasons under normal circumstances, taking into account the loss of capacity resulting from planned maintenance.

Other costs are included in the cost of inventories only to the extent that they are incurred in bringing the inventories to their present location and condition.

The value of produced pyrolysis oil is recognized by applying the standard cost per ton.

Inventories

Inventories				
in € 000	Notes	31-12-2023	31-12-2022	1-1-2022
Feedstock plastic waste - Raw materials		55	0	0
Pyrolysis oil		26	0	0
Other inventories		3	0	0
	7.1.1	83	0	0

Inventory of Pryme consist of plastic waste purchased in bulk quantities (bales, pellets), additives and produced pyrolysis oil and are valued at the lower of cost and net realisable value.

7.3.5. Trade receivables, other receivables, and prepaid expenses

Accounting policies

Receivables and accrued income are initially valued at the fair value of the consideration to be received unconditionally, including transaction costs, if material. Receivables are subsequently valued at the amortized cost price. If there is no premium or discount and there are no transaction costs, the amortized cost price equals the nominal value of the accounts receivable.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Provisions for bad debts are deducted from the carrying amount of the receivables from third-party customers.

Other receivables and prepaid expenses are valued at amortized cost.

Trade receivables, other receivables, and prepaid expenses

Trade receivables, other receivables, and prepaid expenses				
in € 000	Notes	31-12-2023	31-12-2022	1-1-2022
Taxes and social security charges		408	695	239
Other amounts receivable		731	610	405
Accruals and prepaid expenses		273	450	99
	7.1.1	1.412	1.755	743

Taxes and social security charges:

Taxes and social security charges				
in € 000	Notes	31-12-2023	31-12-2022	1-1-2022
Value added tax		408	677	239
Wage tax and government tax subsidy		0	16	0
Pension contributions		0	1	0
		408	695	239

Other receivables:

Other receivables				
in € 000	Notes	31-12-2023	31-12-2022	1-1-2022
Receivables related to the sale and lease back transaction	7.3.3	133	608	0
Subsidies receivable	7.3.11	499	0	0
Current account Omnis C.V.	7.5.3	0	0	390
Other amounts receivable		99	2	15
		731	610	405

The receivables related to the sale and leaseback transaction will be collected once the last installment of the pledged equipment is paid to Pryme's suppliers. The subsidy receivable amounts to 10% (€ 0.5 million) of the total DEI grant (€ 5.0 million) and will be received after final settlement of the DEI Grant by the RvO in 2024.

7.3.6. Cash and cash equivalents

Accounting policies

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than three months. Overdrafts at banks are recognized as part of debts to lending institutions under current liabilities. Cash at banks and in hand is valued at nominal value.

Cash and cash equivalents:

Cash and cash equivalents				
in € 000	Notes	31-12-2023	31-12-2022	1-1-2022
Rabobank		8.007	10.825	7.164
BNP Paribas Fortis		-	-	1.077
ING Bank		198	694	0
	7.1.1	8.204	11.519	8.241

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. Cash at banks earns interest at floating rates based on daily bank deposit rates.

As of April 2023, Pryme NV entered into an interest rate agreement with Rabobank. The interest rate is determined by the Euro Short Term Rate (€STR) with a discount of 60 base points, valid until 31 December 2023. All bank balances held by the entity are available for use by the group. This agreement is extended until 31 December 2024 under the same conditions.

7.3.7. Share capital and other reserves

Authorized share capital:

Authorized share capital				
in € 000	Number of shares	31-12-2023	31-12-2022	1-1-2022
Ordinary shares of € 0,001 each	15.000.000	-	-	15
Ordinary shares of € 0,05 each	75.000.000	3.750	3.750	-
		3.750	3.750	15

In 2022 the authorized capital of the company was increased by € 3.735 to € 3.75 million and the nominal value per share was increased from € 0.001 to € 0.05 each. As of 31 December 2023, the authorized capital amounts to € 3.75 million, divided into 75,000,000 shares.

Ordinary shares issued and fully paid (nominal value):

Ordinary shares issued and fully paid (nominal value)			
in € 000	Notes	2023	2022
At 1 January		1.648	15
Change nominal amount ordinary shares from € 0,001 to € 0,05		0	735
Issue of ordinary shares		768	898
Issue ordinary shares related to LTI Plan	7.3.8	3	0
At 31 December		2.419	1.648

The company has one class of ordinary shares which carry no right to fixed income. Each share confers the right to cast one vote at the company's general meeting.

Ordinary shares issued and fully paid (number of shares):

Ordinary shares issued and fully paid:	Notes	2023	2022
		# shares	# shares
At 1 January		32.963.822	15.000.000
Issue of ordinary shares		15.367.044	17.963.822
Issue ordinary shares related to LTI Plan	7.3.8	55.550	0
At 31 December		48.386.416	32.963.822

At the General Meeting of Shareholders on 27 June 2023 the Supervisory Board asked for and received authorization to issue 4.833.086 shares. This authorization may be used to issue shares under the LTI Plan.

Share premium reserve:

Share premium reserve			
in € 000	Notes	2023	2022
At 1 January		45.880	30.055
Change nominal amount ordinary shares from € 0,001 to € 0,05		0	-735
Issue of ordinary shares (Private Placement)		13.936	16.560
Issue of ordinary shares related to LTI Plan	7.3.8	58	0
At 31 December		59.874	45.880

Nature and purpose of the share premium reserve

The Share Premium related to the issue of shares (Private Placement) comprises of the difference between the subscription price and the nominal value of the shares. All costs incurred related to the issue of shares are deducted from the proceeds of the issue of shares. In case of issuing ordinary shares related to the vesting of shares according to the Long-Term Incentive (LTI) Plan, the difference between the accrued Share-based Reserve and the nominal value of the shares is added to the Share Premium Reserve, less all costs incurred directly related to the issue of these shares.

General reserve:

General reserve			
in € 000	Notes	2023	2022
At 1 January		-7.859	-3.317
Appropriation of result		-15.411	-4.543
At 31 December		-23.269	-7.859

Nature and purpose of the General reserve:

The movements in the General Reserve only relate to the appropriation of result.
The commitments related to the equity-settled share-based payments (LTI Plan) provided to

Supervisory Board members, employees, and contractors, including key management personnel, as part of their remuneration, are recognized in the Share-based Payments Reserve. For further details with regards to the LTI Plan reference is made to note 7.3.8.

In 2023 and 2022 no dividends have been declared nor distributed.

7.3.8. Share-based payments

Accounting policies

The Pryme Long-Term Incentive Plan (LTI Plan) consists of two components: Restricted Stock Units (RSUs) and Stock Options (Options). RSU's are valued at market value at the grant date. The fair value of the share options is estimated at the grant date using an option pricing model, considering the terms and conditions on which the share options were granted. However, the above performance condition is only considered in determining the number of instruments that will ultimately vest. The share options can be exercised up to ten years after the date of the grant and taking into account the vesting period. The scheme is equity-settled and only allows cash settlement at the discretion of the company. Pryme does not have a past practice of cash settlement for these share options. Pryme accounts for the LTI Plan as an equity-settled plan.

Pryme has elected to present the accrued LTI Plan amounts under the Share-based payments Reserve as part of equity. The entity recognizes an increase in equity when the services (performance provided by eligible supervisory board members, directors, managers, contractors, and employees) are received. The value of the services rendered is assumed to be equal to the market value of the equity instruments at the date of the grant. The exercise price of the share options is equal to the market price of the underlying shares on the date of grant. The costs are incurred equally over the vesting period of the awarded equity instruments.

At vesting of Restricted Stock Units (RSUs) and when share options are exercised, the accrued amounts are transferred to the Share Premium Reserves. Any excess of cash received from employees at settlement over the accrued amount of share options is transferred to the General Reserves and no longer earmarked under accrued amounts LTI Plan. In case of a shortfall the additional costs of the settlement are incurred as cost in the Statement of Profit and Loss. After expiry of share options, the accrued amounts LTI Plan are transferred to the General Reserves in a similar manner.

Long-Term Incentive Plan

In 2022 and 2023, Pryme has awarded equity instruments, Restricted Stock Units ("RSUs") and or Stock Options ("Options"), to its employees, contractors, and supervisory board members in accordance with the authority granted to Pryme's supervisory board ("SB") by Pryme's general shareholders meetings on multiple occasions.

The Company operates a share-based LTI Plan, which is classified as equity-settled share-based payment plan. Vesting is dependent on being in service with the Company during the vesting period. As a principal, awarded equity instruments will be expensed over the vesting period of the equity instruments.

The intention of this Plan is to (i) attract and retain management and staff whose services are important to the Company's success, (ii) motivate such management and staff to achieve the long-term goals of the Company, (iii) reward such management and staff for outstanding performance and behaviour, (iv) provide variable compensation opportunities that are competitive with those of other companies, and (v) encourage such management and staff to own common shares of the Company and thus achieve an alignment of interest with shareholders in the long-term health and value of the Company.

The LTI Plan makes use of two components: Restricted Stock Units (RSUs) and Stock Options (Options). The LTI Plan defines the terms for both components of the grant.

Expenses recognised for employee services received during the year:

Expenses recognised for employee services received during the year		
in € 000	2023	2022
Expenses arising from equity settled share based payment transactions (RSUs)	108	31
Expenses arising from equity settled share based payment transactions (Options)	298	81
Total expenses arising from share based payment transactions	**406**	**112**

Movements LTI Plan accrual reported in the Statement of changes of equity:

Movements LTI Plan accrual reported in the Statement of changes of equity			
in € 000	Notes	2023	2022
Balance as of 1 January	7.1.3	112	0
Accrued		406	112
Issue of RSUs and exercise options		-62	0
Balance as of 31 December	7.1.3	**455**	**112**

During the year, a reclassification was made from Share-based payments Reserve to Share Premium Reserve (€ 59 thousand) and share capital (€ 3 thousand) related to the vesting and issuing of RSUs. Forfeited RSUs and Options respectively a settlement of Options resulted in another release of € 4 thousand of the Share-based payments Reserve, totalling € 66 thousand reflecting the effect of exercised and forfeited RSUs and Options in 2023.

Overview equity instruments awarded, the number of RSUs and Options, strike prices and expiration dates for the Options and vesting years:

Outstanding and unvested equity instruments awarded	Total	Expiration date	Vesting years					
			2022	2023	2024	2025	2026	2027
Outstanding and unvested RSUs awarded	260.850		0	0	104.150	104.150	52.550	0
Options awarded								
Strike price:								
NOK 51,20	30.000	2025	30.000	0	0	0	0	0
NOK 16,49	305.400	2033	0	0	101.800	101.800	101.800	0
NOK 11,33	590.500	2032	0	73.500	258.500	258.500	0	0
NOK 10,00	340.000	2026/2032	0	285.000	7.500	23.750	13.750	10.000
Options awarded	1.265.900		30.000	358.500	367.800	384.050	115.550	10.000
Total equity instruments awarded	**1.526.750**		**30.000**	**358.500**	**471.950**	**488.200**	**168.100**	**10.000**
Weighted averages exercise price options (NOK)	13,16							
Number of outstanding shares as of December 31, 2023	48.386.416							

The options awarded to Supervisory Board members (285.000 and 30.000 with exercise prices of respectively NOK 10,00 and NOK 51.20) have fully vested in 2023 due to change of control. As a consequence of the private placement in April 2023, the consortium managed by Infinity Recycling B.V. acquired more than 40% of all shares outstanding, which triggered vesting of the Options held by the Supervisory Board members.

LTI Plan - RSUs

As part of the LTI Plan 2022 and 2023 the Company has awarded RSUs to eligible management, contractors, and staff members. The RSUs vest equally in three years. The first vesting period terminates one year after the grant year. The full costs of the LTI Plan are borne by the Company.

The movements in outstanding LTI Plan shares awarded to eligible management, contractors and staff members can be summarised as follows:

Movements during the year - RSUs	Notes	2023	Weighted average stock price at grant date	2022	Weighted average stock price at grant date
		Number		Number	
			€ 1		€ 1
Outstanding as of 1 January		168.300	1,10	0	
Granted during the year		165.000	1,41	171.750	1,10
Forfeited during the year	1)	-16.900	1,10	-3.450	1,10
Exercised during the year		-55.550	1,10	0	
Expired during the year		0		0	
Outstanding as of 31 December		260.850	1,29	168.300	1,10

1)
Forfeited RSUs during the year fully relate to LTIP-participants leaving the Company.

LTI Plan – Options

On an annual basis and on certain other occasions, Options under the LTI Plan may be conditionally granted to the supervisory board and eligible management, contractors, and staff members. The options generally vest yearly over a three-year vesting period. The Option awards to the supervisory board vest yearly over a four-year period. In some specific situations Options have been awarded with deviating vesting periods.

The vested options have an exercise period of 10 years after the grant year, after which the Option expires.

The movements in outstanding LTI Plan share options awarded to the supervisory board, management, contractors, and staff members can be summarised as follows:

Movements during the year - Options	Notes	2023	Weighted average exercise price	2022	Weighted average exercise price
	1)	Number		Number	
			NOK 1		NOK 1
Outstanding as of 1 January		557.700	12,76	0	0,00
Granted during the year		722.900	13,49	562.500	12,75
Forfeited during the year		-13.100	11,33	-4.800	11,33
Exercised during the year		-1.600	11,33	0	N/A
Expired during the year		0	N/A	0	N/A
Outstanding as of 31 December		**1.265.900**	13,16	**557.700**	12,76
Exercisable as of 31 December	2)	388.500	13,43	0	N/A

1)
The weighted average exercise prices are calculated based on the NOK-exchange rate as of the grant date of the Option awards from time to time.

2)
The Options exercisable as of 31 December 2023 refer to the Options awarded to the Supervisory Board members (315.000) and management, contractors, and staff (73.500). The Options awarded to the Supervisory Board members can only be exercised after the end of their term (2026). The other Options can be exercised till the expiration in 2032.

The exercise price of the Options is equal to the market price of the underlying shares on the date of grant. The contractual term of the Options is ten years.

The maturity date of the awards to the Supervisory Board in 2022 is 4 years. As the Supervisory Board expects the major movements in share price for Pryme to take place within 4 years the grant date, it was decided to value the Options to the Supervisory Board members at the identical value as for the general awards under the 2022 LTI Plan.

Under certain circumstances, at discretion of the Company, a cash settlement is possible.

As of 2023 the fair value of the share options under the equity-settled share-based payment plans are determined using the Black-Scholes valuation model. The weighted average fair value of options granted under LTI Plan 2023 during 2023 amounted € 1,18 (LTI Plan 2022: € 0,77).

The significant parameters into this model were as follows:

Valuation model parameters for share options granted under LTIP 2022 and 2023:	Notes	2023	2022
Weighted average fair values at the measurement date (€, 30 days VWAP)		1,408	1,10
Dividend yield (%)		0	0
Expected volatility (%)		70,7	70
Risk-free interest rate (%)		3,475	N/A
Expected life of Stock Options (years)		10	10
Weighted average share price (€, 12 months VWAP)		1,498	1,10
Model used	1)	Black-Scholes	No model

1)
The valuation methodology has changed from 2022 to 2023 as the trading in the Company's stock has normalized. For perspective, as the Company went public through an initial public offering ("IPO") in February 2021, the IPO issue price for one Pryme share was NOK 57. In the first 6 months of trading, the stock price fluctuated very strongly with share prices ranging between NOK 40 and NOK 64. This was followed by a period until May 2022 with the share price consistently declining to a level approaching NOK 10. At that time, a capital increase was completed at an issue price of NOK 10. After this period with very high levels of fluctuation, the share price fluctuations have declined and have since been more in line with the general market, albeit with stronger fluctuations than for mature companies in established industries, which is to be expected.

Due to the strong fluctuation period following the IPO, the Supervisory Board decided on a more arbitrary valuation methodology (than the established Black-Scholes model methodology) for the equity awards in 2022 as the opinion of the Supervisory Board was that traditional methods, such as the Black-Scholes model, would be overly affected by the strong volatility preceding the 2022 LTI awards.

For the awards under the LTIP 2023, the valuations applied are strictly in accordance with the Black-Scholes model as trading volumes, patterns and stock price volatility have approached general market levels. Thus from 2023 onwards, the intention is to use the Black-Scholes model as the valuation model for equity awards also for awards in future years.

It should be noted that, as is generally customary, a 3-month period is applied for the volatility estimation. A sensitivity analysis where the period used for the volatility calculation was increased to 6 and 12 months showed no significant differences to the model output using a 3-month period. Therefor the 3-month period was used. Consequently, the equity awards issued under the 2023 LTI plan were determined to have a cost base of € 1.408 per RSU and €1.18 per Option (83,81% of value RSU). The strike price for the Options was set at NOK 16.49 (€ 1,408).

7.3.9. Provision for decommissioning

Accounting policies

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. As part of the identification and measurement of the plant and equipment (Pryme One), a provision for decommissioning is recognized. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the site and the expected timing of those costs.

Provision for decommissioning:

Provision for decommissioning			
in € 000	Notes	2023	2022
Balance as of 1 January	7.1.1	0	0
Addition		638	0
Release		0	0
Balance as of 31 December	7.1.1	**638**	**0**

Pryme is committed to decommissioning the "Pryme One" site at the end of the extended lease term (1 March 2032), subject to a further extension of the lease term mutually agreed upon by the lessor and the lessee. The provision for decommissioning encompasses a best estimate of the discounted costs to dismantle the Pryme One installation at the expected end of the lease (March 2032).

7.3.10. Non-current liabilities

Accounting policies

On initial recognition other non-current liabilities are recognized at fair value. After initial recognition other long-term liabilities are recognized at amortized cost, being the amount received considering premiums or discounts and transaction costs. This is usually the nominal value.

For the accounting treatment of long-term liabilities related to leasing and government grants we refer to respectively the paragraphs 7.3.3 and 7.3.11.

Non-current liabilities carried at amortized cost:

Non-current liabilities carried at amortized cost				
in € 000	Notes	31-12-2023	31-12-2022	1-1-2022
Payables to banks		6.901	7.657	0
Other liabilities		272	555	0
	7.1.1	7.173	8.212	0

The Payables to banks relate to the monthly installments of leased equipment following a sale and leaseback transaction, which is further elaborated below.

Sale and leaseback transaction

In October 2022 Pryme entered into a sale and leaseback transaction related to the following equipment:

- 2 extruders
- Reactor
- Walking Floor

The financing-term of these assets is 102 months (8,5 years), and the interest rate amounts to 5,8%. The residual value is determined at 12,5% of the initial cost. The (bank)financing amounted to € 8.2 million of which € 7.6 million was collected in 2022. The remaining amount of € 0.6 million is received upon payment of the outstanding installments to the equipment suppliers. In 2023 € 0.5 million was collected and as of 31 December 2023 € 0.1 million is still pending. The cash flow effect of the sale and leaseback transaction during the current financial year therefor amounted to a cash inflow of € 0.5 million.

The reason for entering into this sale and leaseback transaction was improving Pryme's financial structure and liquidity position. As security for the bank financing the legal ownership of the equipment remains with the lessor (bank). At the end of the lease term Pryme has three options: 1) return the equipment, 2) extend for 12 months or more or 3) purchase the equipment for 12,5% of the original purchase price.

Other non-current liabilities:

Other non-current liabilities concern the remaining monthly installments for a concrete floor at Pryme One and the overdue ground lease related to the Amsterdam site. The balance as of 31 December 2023 fully relates to the overdue ground lease. The repayment terms of the overdue ground lease as of 31 December 2022 comprises seven fixed bi-annual installments of € 54.395, due in January and July until full redemption. No interest costs apply.

In 2024 seven monthly installments of € 24.917 (no interest applicable) must be paid for the concrete floor. The current part of both liabilities, € 0.3 million in total, is disclosed under current liabilities.

Maturity analysis – Non-current liabilities undiscounted cash flows:

Maturity analysis - Non-current liabilities undiscounted cash flows				
in € 000	Within one years	One to five years	More than five years	Total
Undiscounted cash flows - equipment	1.179	4.716	3.698	9.593
Undiscounted cash flows - concrete floor	174	0	0	174
Undiscounted cash flows - groundlease	109	272	0	381
At 31 December 2023	**1.462**	**4.988**	**3.698**	**10.148**
Non-current liabilities included in the Statement of Financial Position as of 31 December 2023				**8.212**
Current				**1.039**
Non-current				**7.173**

For a detailed analysis of risks arising from financial instruments please refer to the Financial Risk Management section (included under note 7.2.4).

7.3.11. Government grants

Accounting policies

Government grants are recognised at nominal value where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as a deduction of the relevant expenses on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

For grants related to assets Pryme has chosen to reduce the carrying amount of the asset. The grant is then recognised in the Statement of Profit and Loss over the useful life of the depreciable asset by way of a reduced depreciation charge.

Grant amounts received in advance initially are presented as deferred income.

Government grants:

Government grants				
in € 000	Notes	31-12-2023	31-12-2022	1-1-2022
DEI Subsidy received in advance		0	4.456	4.456
EU Horizon (ELECTRO) received in advance		1.949	0	0
	7.1.1	1.949	4.456	4.456

DEI Subsidy

In 2018 CCT Circular CleanTech BV, a 100% subsidiary of Pryme NV, applied for a DEI (Demonstration Energy Innovation) subsidy to financially support the construction of the innovative Pryme One installation. In March 2019 the "Rijksdienst voor Ondernemend Nederland (RvO)" granted a subsidy of € 5.0 million, based on total investment costs of € 18.8 million. The project originally had to be realized between 1 November 2018 and 31 December 2020. Based on bi-annually project progress reporting the subsidy period was extended to 31 October 2023.

Initially the subsidy payments received in advance were reported as deferred income. As of 31 December 2023, the total subsidy amount expected to be finally granted (€ 5.0 million) has been deducted from the eligible capital expenditures disclosed under Property, Plant and Equipment (note 7.3.2).

As of 31 December 2023, € 4.5 million has been received and a receivable for the remainder of € 0.5 million (10% of the total grant) has been recognized. Refer to note 7.3.5.

EU Horizon (ELECTRO Project)

In 2022 Pryme joined a consortium of 13 partners within the Project ELECTRO under the EU Horizon research and innovation program, which targets demonstration of innovative technology concepts that link the waste and petrochemical industries and provide sustainable, low-carbon and scalable circular solutions for olefin and polyolefin production. Both Pryme's R&D center and Pryme's first production site (Pryme One) in Rotterdam participate in the execution of the project activities.

Pryme's role is to demonstrate on an industrial scale (TRL 7) the new application of proven technology, being an innovative modular extruder for optimal pre-treatment of plastic waste combined with an electrically heated reactor for the catalytic pyrolysis of plastic waste. The main product, pyrolysis oil, will be used as second-life feedstock for steam crackers operated by project partners. Apart from additional funding this project is an opportunity to further develop Pryme's technology in close collaboration with subject matter experts at Ghent University and consortium partners and gain valuable insights in the requirements of the downstream market.

The project spend is expected to amount € 21.4 million until August 2026, among which Pryme's share is the largest with an overall budgeted R&D and innovation cost of € 8 million. The EU financially supports the EU Horizon program. Pryme is eligible to receive a subsidy of up to € 4.8 million. In 2023 Pryme received an advance payment of € 2.3 million.

In 2023 Pryme incurred € 0.8 million eligible costs related to this project and the related subsidy amounted to € 0.4 million, which has been deducted from the following cost line line-items as follows:

in € 000	Notes	2023
Capitalized personnel costs Development costs		76
Personnel costs		140
General expense		36
Depreciation plant and equipment	7.4.6	119
Total		371

7.3.12. Trade payables, other liabilities, and accrued expenses

Accounting policies

On initial recognition current liabilities are recognized at fair value. After initial recognition current liabilities are recognized at amortized cost. This is usually the nominal value.

Trade payables, other liabilities, and accrued expenses:

Trade payables, other liabilities and accrued expenses				
in € 000	Notes	31-12-2023	31-12-2022	1-1-2022
Payables to banks		756	541	0
Lease liabilities	7.3.3	668	604	264
Trade payables	7.1.1	1.713	949	193
Payables relating to taxes and social security contributions	7.1.1	183	1	9
Other liabilities and accrued expenses	7.1.1	3.893	3.603	317
	7.1.1	**7.212**	**5.698**	**783**

Trade payables mainly relate to suppliers of equipment and services on behalf of the construction of Pryme One.

Payables relating to taxes and social security contributions:

Payables relating to taxes and social security contributions				
in € 000	Notes	31-12-2023	31-12-2022	1-1-2022
Wage tax		202	0	8
Corporate income tax		0	1	0
Pension premium company contributions		-19	0	1
		183	**1**	**9**

Other liabilities and accrued expenses:

Other liabilities and accrued expenses				
in € 000	Notes	31-12-2023	31-12-2022	1-1-2022
Accruals and invoices to be received		3.119	2.622	272
Ground lease Amsterdam	7.3.10	109	109	0
Liability concrete floor	7.3.10	174	299	0
Accrued vacation pay		72	65	14
Employee bonuses		319	61	0
Unused vacation days		42	15	0
Current account shareholders		0	0	15
Audit costs		59	25	14
Net wages		-1	0	2
		3.893	**3.195**	**317**

Accruals and invoices to be received mainly relate to the construction of Pryme One. For further details regarding the repayment obligations other non-current liabilities, we refer to the notes in note 7.3.10.

7.3.13. Deferred taxes

Accounting policies

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Pryme offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets and liabilities:

Deferred tax assets and liabilities							
in € 000		Temporary differences					
	Notes	Carry forward losses	Right-of-use assets	Lease liabilities	Plant and equipment decommissioning	Provision for decommissioning	TOTAL
Assets	7.1.1	–		–		–	–
Liabilities	7.1.1		–		–		–
Balance 1 january 2022		–	–	–	–	–	–
Movements							
Statement of Profit and Loss	7.1.2	–	–954	954	–	–	–
Balance 31 December 2022		–	–954	954	–	–	–
Assets	7.1.1	–		954		–	954
Liabilities			–954		–		–954
Balance 31 December 2022		–	–954	954	–	–	–
Movements							
Statements of Profit and Loss	7.1.2	129	–489	525	–165	–	–
Balance 31 December 2023		129	–1.443	1.479	–165	–	–
Assets	7.1.1	129		1.479		–	1.608
Liabilities	7.1.1		–1.443		–165		–1.608
Balance 31 December 2023		129	–1.443	1.479	–165	–	–

Deferred tax liabilities (€ 1.6 million) have been recognized related to the right-of-use assets (leases) and plant and equipment (recognition plant and equipment decommissioning).

The unused tax losses as of 31 December 2023 amount € 25.8 million (31 December 2022: € 10.4 million), subject to an applicable effective tax rate in The Netherlands of 25,8%. According to the current Dutch tax law, unused tax losses may be compensated with future taxable profits for an indefinite period of time.

Until 2022, the deferred tax asset related to losses was prudently valued at nil, taking into account the lack of track record for Pryme to generate profits, the uncertainties surrounding the Pryme business model and activities, and the significant period anticipated to recover these losses. As of 2023 Pryme recognizes deferred tax assets up to the level of the deferred tax liabilities (€ 1.6 million) to reflect that Pryme will not be in a tax paying position in The Netherlands in the upcoming years. The deferred tax asset related to leasing liabilities respectively carry forward losses are valued at € 1.5 million and € 0.1 million. The unrecognized value at today's tax rate in The Netherlands (25.8%) of the non-capitalized deferred tax asset related to losses amounts to € 6.5 million.

7.4. Notes to the Consolidated Statement of Profit and Loss

7.4.1. Revenue from contracts with customers

Accounting policies

Pryme converts plastic waste into pyrolysis oil. Revenue from contracts with customers is recognised using the output method. According to the output method revenue is recognized based on direct measurements of the value of the goods transferred to the customer. The value of the goods is determined by the number of units (metric tons) delivered to the carrier nominated by the customer (FCA Plant conditions).

The volumes transferred are measured reliably and consistently by tank storage meters as well as through weighbridges for the road tankers. The consideration reflects the volumes measured against the prices per metric ton to which Pryme is entitled according to the agreements with customers. Revenue from contracts with customers according to the contractual conditions typically is recognized upon delivery of the pyrolysis oil (FCA). Generally, this will be upon delivery - measured by flowmeters - into the road tanker, usually nominated and paid for by the customer.

Revenue from contracts with customers:

In 2023 no sales were realized.

Pryme has agreed upon several contracts with customers committing the delivery of pyrolysis oil volumes at predetermined price formulas and within certain product specifications (composition pyrolysis oil). The consideration does neither encompass a financing component nor variable components apart from the pricing formula agreed upon. Invoices may be issued on a monthly basis, however recognition of sales is determined as per delivery.

Segment information

Pryme's current business activities are not organized on the basis of differences in related products and services or differences in geographical areas of operations. As such, management assesses that Pryme has a single reportable segment. In terms of the entity-wide disclosures the only material non-current assets present, concerns the intellectual property which is owned by CCT International B.V. (Belgium). Reference is made to note 7.3.1 for the further details.

7.4.2. Costs of raw materials, energy, and consumables

The costs of raw materials reflect the costs of plastic waste feedstock, mark-ups for inbound transport costs and plastic waste inventory costs included. Energy costs mainly encompass electricity, gas, and nitrogen. Consumables concern various materials directly used in the production process.

7.4.3. Personnel expenses

Accounting policies

Short-term employee benefits: wages, salaries, costs for contractors, social security contributions, annual leave and sickness absenteeism, incentives and non-monetary benefits are recognized in the year in which the related services are rendered by employees and contractors. Contractor costs are reported under personnel costs if contractors perform similar work as own employees.

Termination benefits are payable when employment is terminated by Pryme before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Pryme recognizes termination benefits as soon as management has taken the decision to make someone redundant and has communicated the termination during the reporting period.

Accruals for expenses related to incentive plans are set-up in a systematic way where contractually obliged or where there is a past practice that has created a constructive obligation. For the accounting policies related to share-based payments and pensions, please refer to respectively note 7.3.8 and 7.4.4.

Capitalized personnel expenses are costs directly attributable to the construction of Pryme One or the development costs related to our lab-scale plant at Ghent University. Capitalized costs need to meet the recognition criteria and are capitalized as part of respectively the costs of plant & equipment and intangible assets.

Personnel expenses

in € 000	Notes	2023	2022
Salaries and wages		2.163	823
Contracted personnel		2.112	1.329
Government subsidy for R&D		-135	-40
Other wage subsidies		-68	-89
LTI Plan	7.3.8	339	112
Other employee related expenses		552	234
		4.962	2.368
Capitalized personnel costs		-981	-286
		3.981	2.081

The total remuneration of the Management Board amounts to € 0.7 million (2022: € 0.7 million). For further details refer to note 7.7.14.

Key management are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Within Pryme the members of the Management Board and the Supervisory Board are considered key management.

For further details regarding the LTI Plan, we refer to note 7.3.8.

Pension expenses

Contingent pension obligations related to guaranteed returns on pension plan assets in Belgium are not reported due to the low materiality. The minimum guaranteed return on these pension plan assets amounts to 2%. At the end of the financial year 2023 the pension plan assets amount to less than € 30 thousand and therefore the risk is considered not material.

Movements of number of own employees and contractors:

Movements of number of own employees and contractors				
	Headcount		Full Time Equivalent (FTE)	
	2023	2022	2023	2022
Number at 1 January	19	12	19,0	12,0
New hires	31	14	30,6	14,0
Leavers	-8	-7	-8,0	-7,0
Number at 31 December	42	19	41,6	19
Own staff at 31 December	27	11	26,6	11,0
Contracted staff at 31 December	15	8	15,0	8,0

During the year under review, Pryme on average employed respectively engaged 31.5 (2022 :14.9) employees and contractors (in FTE).

7.4.4. Social security premiums and pension costs

Social security premiums and pension costs			
in € 000	Notes	2023	2022
Social security premiums company contribution		341	77
Pension premiums company contribution		119	49
		461	126

Both the Dutch Pension Plan and the Belgium Pension Plan are characterized as defined contribution plans. The Belgian Pension Plan is part of an employee insurance policy ("Groepsverzekering") with a minimum guaranteed return on investments of 2% per annum on the plan assets. Taking into consideration that the Pension Plan in Belgium only was set-up in 2023, retrospectively back to 2022, and as of 31 December 2023 the Plan only covers 3 employees, the plan assets and minimum return guarantee are deemed not material. Therefor the reported pension costs are equal to the pension premiums incurred in 2023 resp. 2022. Given the amounts being not material no further actuarial calculations have been carried out.

Company contributions to pension premiums for key management and personnel (Management Board) for the year ended 31 December 2023 amounted to € 9 thousand (2022: € 0 thousand).

7.4.5. Other operating Expenses

Accounting policies

Operating expenses are recognized in the Statement of Profit and Loss when incurred. This is when services are received, or goods are consumed. In addition, operating expenses can result from a decrease in future economic benefits related to a decrease of an asset or an increase of a liability that has arisen and which can be measured reliably. Costs relating to business development projects are recognized in the year in which the costs are incurred.

Other operating expenses:

Other operating expenses			
in € 000	Notes	2023	2022
Short-term lease expenses	7.3.3	441	221
SG&A expenses		2.377	1.452
	7.1.2	2.818	1.673

The Short-term lease expenses mainly consist of short-term equipment and storage space leases (< 12 months) and some low value leases.

The Sales, General & Administration (SG&A) expenses are broken down below.

SG&A expenses:

SG&A expenses			
in € 000	Notes	2023	2022
`Rent expenses		117	1
Energy and water		533	2
Operating and maintenance expenses		162	23
Communication and marketing expenses		66	156
Travel and subsistence expenses		23	57
Office expenses		42	40
ICT expenses		298	54
Fees related to audit Annual report		137	40
Other audit, tax and accounting expenses		124	108
Stock exchange related expenses		83	85
Supervisory Board expenses	7.7.14	113	85
Legal advisory expenses		163	307
Consultancy fees		248	384
Insurance premiums		139	67
Other general expenses		128	41
		2.377	**1.452**

In 2023 Pryme completed the Pryme One installation and performed cold and hot testing procedures. This resulted in higher housing expenses (temporary offices), energy consumption and operating and maintenance expenses.

Pryme further upgraded its (outsourced) IT networks, internet connections, data storage and data security to keep up with the growth of the organization. Several ancillary IT tools were selected and implemented. This resulted in an increased level of IT expenses.

The audit fees related to the Annual report fully relate to the audit performed by Mazars Accountants and encompass one-off costs for the first-time adoption of the IFRS Accounting Standards-EU. There are no other other fees related to services charged by Mazars.

Other SG&A expenses reflect the growing maturity of the Pryme organization and lower dependency on external advisors.

The total Supervisory Board annual fees incurred for 2023 amounted € 113 thousand (2022: € 85 thousand). For further details, please see note 7.7.14.

7.4.6. Depreciation and amortization

Accounting policies

The accounting policies for intangible assets and property, plant and equipment are described in respectively note 7.3.1 and 7.3.2. The residual value and useful life of intangible assets and property, plant and equipment are reviewed annually and adjusted if necessary. For the key accounting policies with regards to the right-of-use assets recognized in relation to the leases, we refer to note 7.3.3.

Key accounting estimates and judgements

Plant and equipment at Pryme One form a substantial part of the total assets of the company. The useful life and residual value as determined by the Management Board, based on its estimates and assumptions, have a major impact on the measurement and determination of the results. The useful life of plant and equipment is estimated based on their useful lives, taking into account the duration of the lease of the Pryme One site, and the economic benefits from the utilization of the plant, and equipment.

Depreciation and amortization:

Depreciation and amortization			
in € 000	Notes	2023	2022
Depreciation plant and equipment	7.3.2	279	0
Depreciation right-of-use assets	7.3.3	848	482
Amortization of intangible asets	7.3.1	0	0
Utilization EU Horizon grant (Project ELECTRO)	7.3.11	-119	0
Depreciation and amortization	7.1.2	1.008	482

Depreciation of property, plant, and equipment of Pryme One started on 1 January 2024 when commercial production started.

7.4.7. Impairments and impairment testing

Accounting policies

All non-financial assets are impairment tested whenever events or changes in circumstances indicate that the carrying amounts for those assets may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-flow generating units or CGU's). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment annually.

If it is determined that assets are impaired, the carrying amounts of those assets are written down to their recoverable amount. Impairments of a cash-generating unit are allocated to individual assets of the cash-generating unit on a proportionate basis. Impairments of intangible assets and property, plant and equipment are presented in the statement of Profit and Loss. Impairments are reversed to the extent that the events or circumstances that triggered the original impairment have changed.

Losses on the sale of assets are presented separately and are recognized as soon as they are foreseen.

Impairment losses recognized in Profit and Loss

Impairment losses recognized in Profit and Loss			
in € 000	Notes	2023	2022
Impairment intangible fixed assets	7.3.1	0	0
Impairment plant and equipment	7.3.2	7.163	0
Impairment losses recognized in Profit and Loss	7.1.2	7.163	0

Impairment testing

As of 31 December 2023, the construction of Pryme One has been completed and Machinery under construction, which is valued at cost, has been transferred to Plant and Equipment. Before executing this transfer Pryme management has performed an impairment analysis and reviewed whether the carrying value of individually identifiable components is higher than the recoverable amount. Following this review management concluded that some components purchased during the initial stages of the development of the plant are currently deemed technically outdated and will not be used in the operation of the Pryme One. The total value of these components amounts to € 4.9 million and will be disposed of. Given the characteristics of these components, the anticipated sales price, after considering the costs of dismantling and disposal, is estimated to be zero. Therefore the impairment equals the cost price of the components of € 4.9 million.

Subsequently, Pryme management has identified cash-generating units (CGU's) based on separately identifiable and largely independent cash flows. Based on the company's structure has identified the following relevant CGU's:

- Pryme One Operations, whose activities are distributed between CCT Circular CleanTech B.V. and Pryme Management B.V.
- R&D amd IP licensing and activities, primarily hosted in CCT International B.V., the owner of Pryme's intellectual property
- Operational, commercial and procurement activities, primarily hosted by Pryme Management B.V.

The cash flow projections in the DCF-model to calculate the value in use for Pryme One, currently the only operating unit within Pryme Group, are based on revenues, operating expenses, and capital expenditures of the approved budget for the coming year and the seven consecutive planning years (2024 – 2032). The cash flows in the DCF-model beyond the budget 2024 are based on:

- Annual capacity measured in intake of plastic feedstock (40 thousand mT)
- Average annual capacity utilization rates
- Yield rate of finished product pyrolysis oil to input of plastic feedstock
- Average expected selling price per metric Ton
- Variable costs per ton
- Fixed costs of Pryme One
- License and management fees
- Limited anticipated future capital expenditures

The present value of the expected cost for the decommissioning of an asset after its use is expected to amount to € 0.6 million. Reference is made to note 7.3.9.

Given that the cash flows are estimated before taxes, the discount rate used to calculate the present value of the cash flows is a pre-tax rate based on the risk-free rates for bonds issued by the Dutch government, adjusted for a risk premium related to Pryme as a small-size start-up company and the risks specific to the assets. The cashflows were discounted at a rate of 11.4% on a pre-tax basis.

Based on the impairment analysis Pryme management assessed, taking into consideration sensitivity analyses on deviations to the assumptions underlying the DCF-model, that the value in use of Pryme One Operations exceeds the carrying value of the assets and no impairment of the CGU Pryme One Operations is recognized.

For the development costs of CCT International B.V. (intellectual property) the impairment test confirmed that the generated net cash flows are sufficient to support the value in use of the intangible assets. Potential additional licensing fees from future plants, prudently, have not been factored in.

Pryme Management B.V. is acting as the principal, providing commercial and operational management, for the Pryme Group activities. No impairment is anticipated for this CGU.

Pryme management has decided to sell Pryme's Amsterdam site. Reference is made to note 7.5.4 (subsequent events). Considering the market dynamics and offers received over the last two years, the plant and equipment of the Amsterdam site has been written down by € 2.3 million.

7.4.8. Financial income and expenses

Accounting policies

General and specific interest costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized during the period that is required to complete and prepare the asset for its intended use. Qualifying assets are assets that necessarily take a substantial period of time (> 1 year) before being ready for their intended use. Interest expenses are expensed in the period in which they are incurred. Interest expenses related to leases are reported on a separate line. Interest income from excess cash at hand, based on an interest rate agreement, is recognized in the period when the interest is earned.

Finance income and costs:

Finance income and costs			
in € 000	Notes	2023	2022
Interest and similar income		304	2
Interest expenses leases	7.3.3	-296	-156
Other interest expenses		-7	-27
Currency translation differences		18	2
Interest and similar expenses		-285	-182
Financial income / (expense)	7.1.2	19	-179

In 2023 the net financial expenses amounted to € 19 thousand income compared to € 0.2 million costs in 2022. The improvement is mainly resulting from higher interest income on excess cash at hand which more than off-sets the higher interest expenses on leases. The interest on excess cash at hand is based on an interest rate agreement valid as of April 2023, with the Euro Short-Term Rate (€STR) as reference rate.

In 2023 the capitalized interest during the construction amounted to € 0.5 million (2022: € 0.1 million), subject to an average capitalization rate of 5.8% (2022: 5.8%).

Interest expenses related to leases are reported on a separate line. For further details we refer to note 7.3.3.

The amounts of interest paid and received have been disclosed in the Consolidated Statement of Cash Flows (refer to note 7.1.4.).

7.4.9. Income taxes

Accounting policies

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where Pryme operates and generates taxable income.

Deferred tax

Reference is made to the accounting policies regarding deferred taxes in note 7.3.13.

Income taxes:

Income taxes			
in € 000	Notes	2023	2022
Current taxes		0	-1
Income taxes	7.1.2	0	-1

A deferred tax asset for the carried forward losses is valued at nil, since it is our estimation that considering the uncertainty of future developments coupled with the lack of a track record for the Group, the prudent approach is to value this asset at nil.
All Dutch entities are part of a fiscal unity for corporate income tax in The Netherlands. No taxable income has been generated, both in 2023 and 2022. Current tax for the Pryme fiscal unity amounts to € 0. The unused tax losses as of 31 December 2023 amount to € 25.8 million (31 December 2022: € 10.4 million), subject to an applicable effective tax rate in The Netherlands of 25,8%. According to the current Dutch tax law, unused tax losses may be compensated with future taxable profits for an indefinite period of time.

Deferred tax liabilities related to right-of-use assets (€ 1.4 million) and related to plant and equipment decommissioning (€ 0.2 million) would be off set against the materialization of the deferred tax assets related to leasing liabilities (€ 1.5 million) and carry forward losses (€ 0.1 million) in case of future taxable profits. Therefore income tax is nil.

7.5. Other notes to the Consolidated Financial Statements

7.5.1. Contingent Assets and Liabilities

Contingent assets relate to corporate income taxes. Currently Pryme N.V. does not recognize all deferred tax assets related to losses due to the high level of uncertainty regarding the level of future profits, timing included, necessary to recovering these taxes.

For further information see note 7.3.13.

7.5.2. Commitments & guarantees, rights, and arrangements

Disclosure of off-balance commitments

The Group has commitments in addition to those disclosed in the balance sheet for CAPEX related contracts and orders signed but not yet received or paid as per 31 December 2023, for a total of € 0.0 million (last year € 6.1 million). These commitments all relate to the build process at our first plant at Rotterdam and none of these commitments has a maturity extending beyond the coming 12 months. The commitments reported are based on our best current estimates for the various EPC contracts.

Pryme NV is liable (parent guarantee) for the execution and payment of all commitments according to the (facility) agreement between Plant One Rotterdam (POR) and CCT Circular CleanTech B.V. The guarantee covers the full length of the agreement which expires on 1 March 2027 and may be extended, with mutual consent, another five years till 1 March 2032.

Disclosure of off-balance-sheet rights and arrangements

In March 2023, Pryme has entered into two separate supply agreements with leading companies in different parts of the circular plastics value chain. The deliveries under these agreements will be predominantly from Pryme's second plant and cover around one-sixth of its production capacity. These supply agreements have a market-based pricing formula, extend for a number of years and the delivery commitments are conditional on successful production at Pryme's future plant.

These agreements are complementary to the existing supply agreement with Shell, dating back to July 2021 as amended in August 2022. As a subsequent event, the supply agreement with Shell was amended in January 2024 incorporating the learnings made by the parties in developing a robust and attractive value chain for both Pryme and Shell. The terms of the revised supply agreement continue to include market-based pricing, extend for a number of years and further establish Shell as the primary customer for a significant part of the volume of pyrolysis oil produced at Pryme's first plant, Pryme One.

7.5.3. Related party transactions

Key management

Key management is defined as those persons having legal authority and responsibility for planning, directing, and controlling the activities of Pryme, directly or indirectly, including any director (whether executive or otherwise). Our key management comprises the members of the Management Board and the Supervisory Board.

For further information regarding the composition and remuneration of the Management Board and the Supervisory Board we refer to note 7.7.14.

Transactions with Supervisory Board members and Management Board members

In May 2022, the company reached an agreement with OMNIS C.V., an entity owned by Pryme's CEO (until 2 May 2022) and founder Jos van der Endt. The agreement set the terms for the repayment of a receivables claim of € 390.106, effectively a shareholder loan from the company towards OMNIS C.V. The terms of the agreement led to a full settlement and payment of the outstanding claim in September 2022 as reflected in note 7.3.5.

Apart from these receivables in 2022 no loans, advances or guarantees have been provided to current or former members of the Supervisory Board and Management Board. For both years presented, the Group has not conducted any transactions with companies in which Board members and/or persons closely related to them have a significant financial interest. The Supervisory Board fees as well as consultancy fees related to Henning Jensen and Michiel Kool are charged by their respective management companies Abacus Consulting AG and Fairwind. Reference is made to note 7.7.14 (Remuneration of Management Board and Supervisory Board).

Both in 2023 as well as 2022 Pryme's certain Supervisory Board members charged consultancy fees for non-recurring activities that do not normally fall under the activities of Supervisory Board members. In 2023 these consultancy fees amounted to € 55 thousand (2022: to € 45 thousand). We further refer to note 7.7.14.

List of related parties of the Group:

List of related parties of the Group			
Name	Relationship	Number of shares	Interest in Pryme N.V.
Circular Rotterdam B.V./ J.W. Muller	Main shareholder and member of Supervisory Board	13.290.416	27.47%
SIX SIS AG/ B.R. van Vliet	Main shareholder and member of Supervisory Board	10.406.953	21.51%
Circular Plastics Coöperatief U.A./ J.W. Muller	Main shareholder and member of Supervisory Board	6.672.376	13.79%
OMNIS C.V./ J. van der Endt/	Former CEO (until 2 May 2022) and shareholder	5.457.218	11.28%
R. van Meirhaeghe	Former Director (until 11 November 2022)	750.000	1.55%
Tanaku B.V./ C.J.B. Hervé	CEO Pryme N.V.	52.950	0.11%

Infinity Recycling B.V. is the managing director of Circular Rotterdam B.V. and Circular Plastics Coöperatief U.A.

Summary of the transactions with the related parties

No material related party transactions have been entered into with the major shareholders during both financial years presented in these financial statements. Transactions between the legal entities making part of Pryme Group are not listed separately. Reference is made to note 7.2.3 (Basis of consolidation).

Summary of the balances receivable/(payable) with the related parties

Pryme does not have any balances receivable/ payable with the related parties as of 31 December 2023. The outstanding balance with OMNIS C.V. was settled in September 2022 as noted above

Commitments with related parties

On april 5, 2022, the Company entered into a 5-year brokerage agreement with Infinity Recycling B.V. ("Infinity"). Subject to conditions on availability of product given the Company's other prior commitments, the Company has committed to making available an agreed percentage of its production volume from Pryme One, and of subsequent plants, for Infinity's brokering of such volume to third parties against compensation to Infinity of a limited brokerage fee/commission on such applicable production volume.

7.5.4. Subsequent events

- On January 22, 2024, Pryme commenced the production of its first batch of pyrolysis oil at its inaugural facility, Pryme One.
- On February 1, 2024, Pryme amended its supply contract with Shell for deliveries of pyrolysis oil where volumes and pricing terms were revised.
- On 22 February 2024, Pryme One completed its first full process cycle.
- On February 6, 2024, Pryme decided to sell the Amsterdam site.
- On March 20, 2024 Christopher Hervé, Pryme's CEO, submitted his resignation effective July 31, 2024.
- On March 25, 2024, Pryme completed a private placement for a €12 million equity increase.
- On April 9, 2024, in an extraordinary general meeting (EGM), the shareholders of the company approved a capital increase by way of issue 12,672,933 common shares in order to fulfill the private placement that was completed on March 25, 2024.
- On April 9, 2024, the EGM appointed Emmanuel Colombel as a member of the supervisory board for the period until the end of the 2027 AGM.
- On April 17, 2024 Pryme received confirmation from the Netherlands Enterprise Agency that the DEI grant of € 5.0 million was approved.
- On April 23,2024, the company issued 2,052,156 of the 12,672,933 private placement shares.

These subsequent events, except the decision the sell the Amsterdam site and the confirmation related to the DEI grant, have all been disclosed on NewsWeb, the information portal of the Euronext Growth Oslo Stock Exchange.

7.5.5. Earnings per share - number of shares

Shareholder information

Pryme was admitted to the Euronext Growth exchange in Oslo on 15 February, 2021 with ticker/ISIN being PRYME / PRYME.OL / NL0015000571 and IPO price of NOK 51,20.

Shareholder information	Unit of measure	2023	2022
Admitted shares	# of shares	48.386.416	32.963.822
Trading days	# of days	255	253
Average daily trading volume	# of shares	61.016	85.526
Highest daily trading volume	# of shares	572.121	925.190
Share price start of the year	NOK	7,90	33,80
Highest closing share price	NOK	19,90	33,00
Lowest closing share price	NOK	7,24	6,14
Average trading share price	NOK	12,10	13,38
Share price on December 31	NOK	10,80	7,68
Market capitalization	NOK	522.573.293	253.162.153
Market capitalization	EUR	46.700.026	24.110.681

Investor Relations

Pryme strives to provide relevant information to all stakeholders and to ensure that this information is complete, consistent, accurate, relevant, and timely disclosed to all stakeholders. Information is provided through annual and half year reports, quarterly interim updates, press releases and investor presentations. The related documents are available on Pryme's website.

Pryme complies with the rules and regulations of the Dutch Financial Markets Authority (AFM), the International Financial Reporting Standards (IFRS), and the rulebook of the Euronext Oslo Growth market (stock exchange regulations).

Earnings per share – number of shares

Basic earnings per share are calculated by dividing the net profit attributable to the shareholders by the time-weighted average number of outstanding shares. The weighted average number of outstanding shares was 43.783.905 in 2023 (2022: 26.521.139).

In calculating the diluted earnings per ordinary share, the time-weighted average number of outstanding shares is adjusted for the dilutive effects of the equity-settled share-based LTI plan.

Time-weighted average number and diluted time-weighted average of outstanding shares

Time-weighted average number and diluted time-weighted average of outstanding shares			
	Notes	2023	2022
		# of shares	# of shares
Outstanding ordinary shares at 1 January		32.963.822	15.000.000
Issue of ordinary shares	7.3.7	15.367.044	17.963.822
Vesting shares LTI plan	7.3.8	55.550	0
Basic weighted average number of ordinary shares		**43.811.300**	**26.521.139**
Outstanding ordinary shares at 31 December	7.3.7	**48.386.416**	**32.963.822**
Issue of ordinary shares, private placement in April 2024 resp. 2023		12.672.933	15.367.044
Awarded non-vested shares and non-exercized stock options LTI Plan		1.951.650	1.119.250
Number of ordinary shares, including dilutive effect		**63.010.999**	**49.450.116**

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

The profit/ (loss) attributable to ordinary shares for the basic and diluted earnings per share calculations is depicted in the table below.

Profit/(loss) attributable to shareholders			
in € 000	Notes	2023	2022
Profit/(loss) attributable to shareholders	7.1.2	-15.411	-4.543
Basic earnings as per ordinary share (in €)	7.1.2	-0.35	-0.17
Diluted earnings as per ordinary share (in €)	7.1.2	-0.24	-0,09

As of 31 December 2023, according to the LTI Plan 2022, 388.500 share options have been vested but not exercised. When the vesting conditions of the equity-settled share-based payment LTI Plan 2022 and 2023 are met and all stock options would be exercised, this would result in a further increase of 1.951.650 shares outstanding, which will have a dilutive effect.

During 2023, the LTI Plan 2022 resulted in vesting of 55.550 shares (2022: nil). For more information, reference is made to note 7.3.8.

The top 20 shareholders as of 31 December 2023 are listed below.

Rank	Holding	Stake%	Name
1	13,290,416	27.47	Circular Rotterdam B.V
2	10,406,953	21,51	SIX SIS AG
3	6,672,376	13,79	Circular Plastics Coöperatief U.A.
4	5,457,218	11,28	Omnis C.V
5	1,282,491	2,65	Nordnet Bank AB
6	1,269,257	2,62	NORDNET LIVSFORSIKRING AS
7	750,000	1,55	van Meirhaeghe
8	401,570	0,83	THORSNES
9	388,648	0,80	AS CLIPPER
10	384,648	0,80	CLEARSTREAM BANKING S.A.
11	275,489	0,57	Saxo Bank A/S
12	229,469	0,47	The Bank of New York Mellon SA/NV
13	216,711	0,45	LMJ HOLDING AS
14	181,005	0,37	BAKLUND
15	171,367	0,35	NEW 2020 AS
16	143,540	0,30	KBC Bank NV
17	137,503	0,28	WINGER
18	131,631	0,27	J.P. Morgan SE
19	129,915	0,27	Nordea Bank Abp
20	121,040	0,25	HELLE

7.6. Company Financial Statements 2023

7.6.1. Company Statement of Financial Position

Parent Company Statement of Financial Position			
in € 000	Notes	31-12-2023	31-12-2022
Assets			
Non-current assets			
Financial assets			
Shares in group companies	7.7.2	221	2.420
Receivables from group companies	7.7.2	34.350	29.318
Security deposits	7.7.2	9	9
Total non-current assets		**34.580**	**31.746**
Current assets			
Other receivables and accrued expenses	7.7.3	82	74
Cash & cash equivalents	7.7.4	6.347	8.181
Total Current Assets		**6.430**	**8.255**
TOTAL ASSETS		**41.009**	**40.001**
Equity & Liabilities			
Equity			
Share capital	7.7.5	2.419	1.648
Share premium reserve	7.7.5	59.874	45.880
Share-based payments reserve	7.7.5	455	112
General reserve	7.7.5	-23.269	-7.859
Total equity		**39.479**	**39.781**
Provision for subsidiaries	**7.7.6**	**1.242**	**0**
Liabilities			
Current liabilities			
Accounts payables	7.7.7	35	30
Payables relating to taxes and social security contributions	7.7.7	13	7
Other liabilities and accrued expenses	7.7.7	240	183
Total current liabilities		**288**	**221**
Total Equity and Liabilities		**41.009**	**40.001**

7.6.2. Company Statement of Profit and Loss

Company Statement of Profit and Loss			
in € 000	Notes	2023	2022
Operating expenses			
Personnel costs	7.7.9	-918	1.956
Social security premiums and pension costs	7.7.10	-8	21
Depreciation right-of-use assets		-30	-34
Other Operational Expenses	7.7.11	-737	-449
Total operating expenses		**-1.692**	**-2.460**
Operating result (EBIT)		-1.692	-2.460
Financial income / (expense)	**7.7.12**	2.061	198
Profit before taxes		369	-2.262
Income tax		-	-
Share in result from participations	**7.7.13**	-15.779	-2.281
Net profit (loss)		**-15.411**	**-4.543**

7.7. Notes to the Parent Company Financial Statements

7.7.1. General information

For the general principles for the preparation of the financial statements, the principles for valuation of assets and liabilities and determination of the result, as well as for the notes to the specific assets and liabilities and the result, reference is made to the notes to the consolidated financial statements, if not presented otherwise hereinafter.

According to Part 9, Book 2 DCC, Pryme uses the option to apply the accounting policies of the consolidated financial statements (article 362 (8) DCC) to prepare the company financial statements (combination 3).

The registered offices and business address of Pryme N.V. are Fascinatio Boulevard 220, 3065 WB Rotterdam, the Netherlands. Pryme N.V. is registered at the Dutch Chamber of Commerce under number 75055449.

Going concern

As a start-up company with first batches of commercial production of pyrolysis oil started in January 2024, Pryme management regularly assesses the entity's ability to continue as a going concern. This assessment is based on the strategic and operational plans, the budget plan 2024, technology and market developments, liquidity and funding forecast 2024 - first half 2025, and assessment of other material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. These uncertainties include the availability and prices of feedstock, energy prices, technology disruptions and changing sustainability requirements.

Based upon Pryme's cash position as of 31 December 2023 (€ 6.3 million), the anticipated operational, investment and financing cash flows in 2024 (€ 3.2 million positive), and cash flows in the first half of 2025 (€ 2.2 million negative), Pryme management assessed and satisfied itself that using the going concern assumption is appropriate. Pryme expects to have sufficient cash flow to meet the requirements for working capital and capital expenditures for at least 12 months after the signing date of these financial statements. Reference is made to note 7.2.2. for further details.

In April 2024 Pryme obtained €12.0 million additional funding through a private placement. Therefore the company continues to adopt the going concern basis in preparing its consolidated financial statements and has prepared its financial statements for 2023 accordingly.

7.7.2. Financial non-current assets

Accounting policies

Participations, over which significant influence can be exercised, are valued according to the net asset value method. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence.

The net asset value is calculated in accordance with the accounting principles that apply for these financial statements; with regards to participations in which insufficient data is available for adopting these principles, the valuation principles of the respective participation are applied.

If the valuation of a participation based on the net asset value is negative, it will be stated at nil. If and insofar as Pryme N.V. can be held fully or partially liable for the debts of the participation or has the firm intention of enabling the participation to settle its debts, a provision is recognized.

Newly acquired participations are initially recognized at the fair value of their identifiable assets and liabilities at the acquisition date. For subsequent valuations, the principles that apply for these financial statements are used, with the values upon their initial recognition as the basis.

The amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the net result achieved by the participation is recognized in the profit and loss account.

Participations over which no significant influence can be exercised are valued at historical cost. The result represents the dividend declared in the reporting year, whereby dividend not distributed in cash is valued at fair value.

In the event of an impairment loss, valuation takes place at the recoverable amount; an impairment is recognized and charged to the profit and loss account.

Receivables recognized under financial fixed assets are initially valued at the fair value less transaction costs. These receivables are subsequently valued at amortized cost price, which is, in general, equal to the nominal value. For determining the value, any impairment is taken into account.

Security deposits are valued at nominal value.

Financial non-current assets and subsidiaries:

Financial non-current assets			
in € 000	Notes	31-12-2023	31-12-2022
Subsidiaries	7.6.1	221	2.420
Receivables from group companies	7.6.1	34.350	0
Security deposits	7.6.1	9	9
		34.580	**2.429**

Subsidiaries			
in € 000	Notes	31-12-2023	31-12-2022
CC International B.V.	7.7.6	0	2.420
Pryme Management B.V.		221	0
	7.6.1	**221**	**2.418**

Receivables from group companies:			
in € 000	Notes	31-12-2023	31-12-2022
Current account CCT Circular Cleantech B.V.		30.661	22.681
Current account CCT International B.V.	7.7.6	0	2.782
Current account CCT Circular Cleantech Amsterdam B.V.		3.650	3.855
Current account Pryme Management B.V.		38	0
	7.6.1	**34.350**	**29.318**

CCT International B.V. performs research and development at our lab-scale pyrolysis plant at Ghent University and is the 100% parent company of both CCT Circular CleanTech B.V. and CCT Circular CleanTech Amsterdam B.V..
CCT Circular CleanTech B.V. is the operating company running the industrial scale test plant “Plant One” in the Botlek area (Rotterdam). CCT Circular CleanTech Amsterdam B.V. is the owner of a potential Pryme production site in the Amsterdam harbor area. Currently this site is not in use.

Pryme Management B.V. was established in June 2023. This company will function as the operational holding of the Pryme Group. The activities will entail business development and all commercial, legal, finance affairs for the entire Pryme Group.

All subsidiaries are, directly or indirectly, fully controlled by Pryme N.V.

Movements in financial non-current assets:

Movements in financial non-current assets					
in € 000	Notes	Subsidiaries	Receivables from group companies	Security deposits	TOTAL
Balance as of 31 December 2022	7.6.1	2.420	29.318	9	31.747
Share in results		-15.779			-15.779
Capital contributions		600			600
Movement provision for subsidiaries	7.7.6	12.980			12.980
Repayments					0
Other movements			5.031	0	5.031
Balance as of 31 December 2023	7.6.1	221	34.350	9	34.580

The receivables from group companies are governed by Current Account Agreements. The current agreements have a duration of two years from 1 January 2023 (Pryme Management B.V. as of its establishment) until 31 December 2024. The interest rate is 5% (2022: 2%) on an annual basis. The interest is calculated on a quarterly basis and added to the receivables. Considering the long-term nature of these balances the receivables are disclosed under non-current financial assets.

7.7.3. Other receivables and accrued expenses

Other receivables and accrued expenses			
in € 000	Notes	31-12-2023	31-12-2022
Taxes and social security charges - Value added tax		11	29
Other amounts receivable		23	1
Accruals and prepaid expenses		49	44
	7.6.1	**82**	**74**

7.7.4. Cash

Cash and cash equivalents			
in € 000	Notes	31-12-2023	31-12-2022
Rabobank		6.347	8.081
ING Bank NV		1	100
	7.6.1	**6.347**	**8.181**

7.7.5. Share capital and other reserves

Accounting policies

Reference is made to the accounting policies and notes regarding Share Capital, Share Premium Reserve and General Reserve in note 7.3.7 (consolidated equity) and the Share-based payments Reserve in note 7.3.8.

Company share capital and other reserves:

Company share capital and other reserves						
in € 000		Share capital	Share premium reserve	Share-based payments reserve	General reserve	Total equity
	Notes	**7.3.7**	**7.3.7**	**7.3.8**	**7.3.7**	**7.3.7**
Balance as of 31 December 2022		**1.648**	**45.880**	**112**	**-7.859**	**39.781**
Result for the period	7.6.2				-15.411	-15.411
Issue of shares (Private Placement)	7.3.7	768	13.936			14.704
Accrued for LTI plan	7.3.8			406		406
Issue of RSUs and excercise options LTI plan	7.3.8	3	58	-62	1	0
		2.419	**59.874**	**455**	**-23.269**	**39.479**

For the restatement relating to the reclassification of the legal reserve, we refer to the restatement note in the consolidated financial statements.

Appropriation of results

The management proposes that the result for the financial year 2023 amounting to € 15.4 million negative should be transferred to the general reserves. Such transfer requires the approval from the company's shareholder meeting.

7.7.6. Provision for subsidiaries

Accounting policies

Subsidiaries with negative net asset value are valued at nil. Other long-term interests in the subsidiaries that are in substance part of the net investment (such as receivables from group companies) are taken into account in this valuation.

In case the Company fully or partly guarantees the liabilities of the subsidiaries concerned or has the effective obligation to enable the subsidiaries to pay its (share of the) liabilities, a provision is recognized.

Provision for subsidiaries			
in € 000	Notes	2023	2022
Balance as of 1 January	7.6.1	0	0
Addition		12.980	0
Set-off receivables from group companies		-11.738	0
Release		0	0
Balance as of 31 December	7.6.1	**1.242**	**0**

The provision for subsidiaries fully relates to CCT International B.V.
Pryme N.V. has the effective obligation to its subsidiary CCT International B.V. to pay its (share of the) liabilities and therefore a provision has been recognized. Pryme N.V. annually issues a letter of support confirming that Pryme N.V. will not claim its amount receivable towards CCT International B.V. and will continue to provide sufficient financing to enable CCT International B.V. to continue its activities for at least one year.

The receivable Current account CCT International B.V. (€ 11.738 thousand) has been set-off with the provision for subsidiaries to reflect the net exposure of Pryme N.V. regarding CCT International B.V.

7.7.7. Current liabilities

Current liabilities			
in € 000	Notes	31-12-2023	31-12-2022
Accounts payable	7.6.1	**35**	**30**
Payables relating to taxes and social security contributions			
Wage taxes		13	7
Pension premiums		0	0
	7.6.1	**13**	**7**
Other liabilities and accrued expenses			
Accruals and deferred income		100	158
Audit costs		39	25
Short-term bonus		101	0
Accrued vacation pay		0	0
Net wages		0	0
	7.6.1	**240**	**183**

Accounts payable are outstanding amounts to suppliers and service providers.
The accruals and deferred income as of 31 December 2023 consist for € 83 thousand (2022: € 62 thousand) of accrued Supervisory Board fees.

7.7.8. Deferred taxes

For the notes regarding the deferred tax position reference is made to note 7.3.13. As of 31 December 2023, there is no deferred tax position at Pryme N.V..

7.7.9. Personnel expenses

Personnel expenses			
in € 000	Notes	2023	2022
Salaries and wages		298	145
Contracted personnel		494	1.693
Long-term incentive plan		55	51
Other employee related expenses		71	58
		918	**1.947**
Capitalized personnel costs		0	10
	7.6.2	**918**	**1.956**

Contracted personnel costs 2022 contain recharged fees of € 0.7 million related to 2020 and 2021.

7.7.10. Pension and other employee benefits

Social security premiums and pension costs			
in € 000	Notes	2023	2022
Social security premiums company contribution		8	10
Pension premiums company contribution		0	11
	7.6.2	8	21

7.7.11. Other operating expenses

Other operating expenses			
in € 000	Notes	2023	2022
Communication and marketing expenses		33	131
Car expenses		0	15
Housing expenses		12	8
Office expenses		0	8
Fee related to audit Annual report		110	40
Audit and accounting expenses		75	49
Stock exchange related expenses		83	85
Supervisory Board fees	7.7.14	113	85
Legal advisory		1	201
IT expenses		101	5
Consultancy fees		82	139
Insurance		110	14
Other general expenses		18	38
		737	**817**
Intercompany cost charges		0	-368
	7.6.2	**737**	**449**

IT expenses primarily relate to the first half year of 2023. In June 2023 Pryme Management B.V. was established. As of the 1st of July 2023, this entity serves as the principal of Pryme Group and all commercial, operational, and financial management has been transferred to this company.

The audit fees related to the Annual report fully relate to the audit performed by Mazars Accountants and encompass one-off costs for the first-time adoption of the IFRS Accounting Standards-EU. There are no other other fees related to services charged by Mazars.

7.7.12. Financial income/ (expenses)

Financial income/(expense)			
in € 000	Notes	2023	2022
Interest and similar income			
Interest of receivables from Circular CleanTech B.V.		1.460	172
Interest of receivables from CCT International B.V.		159	26
Interest of receivables from Circular CleanTech Amsterdam B.V.		145	19
Interest of receivables from Pryme Management B.V.		4	0
Interest current account bank		280	0
Interest current account Omnis C.V.		0	2
Interest and similar expenses			
Bank interest expenses		-4	-22
Interest leases		-1	-3
Currency translation differences		18	2
	7.6.2	**2.061**	**198**

The interest rate on intercompany accounts amounts to 5% in 2023 (2% in 2022). On the outstanding balance on bank accounts the company receives an interest rate, adjusted from time to time, based on the Euro short-term rate minus a discount of 60 base points.

7.7.13. Share in result participations

Share in result participations			
in € 000	Notes	2023	2022
CCT International B.V.		-15.400	-2.282
Pryme Management B.V.		-379	0
	7.6.2	-15.779	-2.282

7.7.14. Remuneration of Supervisory Board and Executive Board

The remuneration of the Management Board amounted to € 0.7 million (2022: € 0.7 million). For further details regarding the remuneration policy refer to note 5.2.2

Breakdown of the remuneration in 2023 of the members of the Management Board

Amounts in EUR 1,000	Position	Base salary/ management fees	Short-term incentive 1)	Long-term incentive-share based payments				Post-employee benefits	Severnance payments	TOTAL remuneration
				Stock options		Restricted Share Units (RSU's)				
				Vested 2)	IFRS costs	Vested 2)	IFRS costs			Entitlement 3)
Christopher Hervé	CEO									
2023		295	101	25	42	25	42	–	–	446
2022 (from 2 May 2022)		181	140	–	13	–	13	–	–	321
Ferdinand Lupescu	CFO									
2023 (as of 1 June 2023)		92	32	–	9	–	9	9	63	196
Former Management Board members:										
Jos van der Endt	CEO									
2022 (until 2 May)		91	–	–	–	–	–	–	–	91
Stephan Anzenhofer	CFO									
2022 (until 1 March)		96	–	–	–	–	–	–	–	96
Rik van Meirhaeghe	Director									
2023	Consultant	23	–	–	–	–	–	–	–	23
2022 (until 11 November)		118	–	–	–	–	–	–	–	118
Boudewijn van Vliet	Director									
2022 (until 11 November)		109	–	–	–	–	–	–	–	109
TOTAL										
2023 Entitlements 3)		**410**	**133**	**25**		**25**		**9**	**63**	**665**
2023 IFRS costs		410	133		51		51	9	63	716
2022 Entitlements 3)		**595**	**140**	**–**		**–**		**–**	**–**	**735**
2022 IFR costs		595	140		13		13	–	–	761

1) Short-term incentives are determined at discretion of the Supervisory Board and reflect a best estimate of the bonus over the reporting period.
In 2022 the CEO received a one-time guaranteed bonus of € 140.000 upon still being in service as of 1 January 2023.

2) The vested value of share options and Restricted Share Units (RSU) is calculated based on the value at award date.

3) Entitlements are defined as i) base salary and/ or fixed management fees, ii) short-term incentive (which relates to the performance of the financial year), iii) the monetary value of the vested part of the long-term share-based incentive plan, iv) post-employee benefits (pension contributions) and v) severance payments. Remimbursed (travel) expenses and company cars (CFO only) are not disclosed in this overview.

The remuneration of the Supervisory Board amounted to € 222 thousand (2022: € 175 thousand). In note 5.2.3 further details regarding the remuneration policy are disclosed.

Breakdown of the remuneration in 2023 of the members of the Supervisory Board

Amounts in EUR 1,000	Position	Annual fees 1)	Consultancy fees 2)	Long-term incentive Plan Share options		TOTAL remuneration
				Vested 3)	**IFRS cost**	**Entitlement 4)**
Henning Jensen	Chairman					
2023		38	38	17	17	92
2022		36	45	0	20	81
Michiel Kool	Vice-chairman					
2023		33	8	14	14	54
2022		28	45	0	19	73
Jan Willem Muller	Member					
2023		23	–	12	12	34
2022 (from 11 November)		15	–	0	6	15
Boudewijn van Vliet	Member					
2023		20	–	12	12	32
2022 (from 11 November)		3	–	0	6	3
Former Supervisory Board members:						
Jos van der Endt						
2023		–	10	0	0	10
2022 (from 2 May until 11 November)		3	–	0	0	3
TOTAL						
2023 Entitlements 3)		**113**	**55**	**55**		**222**
2023 IFRS costs		113	55		55	222
2022 Entitlements 3)		**85**	**90**	**–**		**175**
2022 IFRS costs		85	90		51	226

1) Fees consist of the regular Supervisory Board fees and additional fees related to Supervisory Board sub-committees.

2) Consultancy fees relate to non-recurring activities that do not normally fall under the actitivities of Supervisory Board members.

3) The vested value of share options is equal to the fair value of the share options at award date.

4) Entitlements are defined as i) Supervisory Board fees, ii) consultancy fees and iii) the monetary value of the vested part of the long-term share-based incentive plan.

7.7.15. Responsibility Statement

The Management Board and the Supervisory Board of Directors confirm, to the best of their knowledge, that the consolidated and parent company financial statements for the period 1 January to 31 December 2023, have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the Company's and the Group's assets, liabilities, financial position, and profit or loss of the entity and the Group taken as a whole. We also confirm that the Board and Governance reports include a true and fair view of the development and performance of the business and the position of the entity and the Group, together with a description of the principal risks and uncertainties the Group and the Company face.

Rotterdam,
3 May 2024
Pryme N.V.

Christopher Hervé
Chair
Management Board
And CEO

Henning E. Jensen
Chair
Supervisory Board

Willem Michiel Kool
Vice chair
Supervisory Board

Boudewijn van Vliet
Member
Supervisory Board

Jan Willem Muller
Member
Supervisory Board

Emmanuel Colombel
Member
Supervisory Board

Other information

8

8.1. Appropriation of results

Under article 20 of the company's Articles of Association, the result for the year is at the disposal of the General Meeting of shareholders, which can allocate the results either wholly or partly to the formation of or addition to one or more general or specific reserve funds. The proposal of the Board to allocate the results for the year to the general reserves has been incorporated into these financial statements,

The management proposes that the result for the financial year 2023 amounting to € 15.4 million negative should be transferred to the general reserves. Such transfer requires the approval from the company's shareholder meeting. The financial statements reflect this proposal.

8.2. Auditor's report

Independent auditor's report

To the Management Board and Supervisory Board of Pryme N.V.

Report on the audit of the financial statements as at 31 December 2023 included in the Annual Report

Our unqualified opinion
We have audited the accompanying financial statements for the year ended 31 December 2023 of Pryme N.V. (hereafter "Company" refers to the legal entity, and "Group" refers to the Consolidated level), based in Rotterdam, the Netherlands. The financial statements comprise the Consolidated Financial Statements and Company Financial Statements.

In our opinion:

- the accompanying Consolidated Financial Statements give a true and fair view of the financial position of the Group as at 31 December 2023 and of its result and its cash flows for the year ended 31 December 2023 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- the accompanying 2023 Company Financial Statements give a true and fair view of the financial position of the Company as at 31 December 2023 and of its results and its cash flows for the year ended 31 December 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The 2023 Consolidated Financial Statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the following statements for the year ended 31 December 2023: the consolidated statement of profit and loss, the consolidated statement of changes in equity and the consolidated statement of cash flows; and
- the notes comprising a summary of the key accounting policies and other explanatory information.

The 2023 Company Financial Statements comprise:

- the company statement of financial position as at 31 December 2023;
- the company statement of profit and loss for the year ended 31 December 2023; and
- the notes comprising a summary of the key accounting policies and other explanatory information.

Basis for our opinion
We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of the group and the Company in accordance the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics for Professional Accountants).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion
We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Audit response to the risks of fraud and non-compliance with laws and regulations
We refer to the Board Report of Pryme N.V. for the fraud risk assessment of the management board.

As part of our process for identifying risks of material misstatement in the financial statements resulting from fraud, we have considered fraud risk factors related to fraudulent financial reporting, improper appropriation of assets, and corruption. We evaluated whether these factors indicated the presence of a risk of material misstatement due to fraud.

We have not identified a fraud risk related to revenue recognition is not applicable as no revenue is present for the year ended 2023. The significant risk in relation to fraud relates to the risk of management override.

Fraud risk: management override of controls
Management is ordinarily in an unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

In this context, we paid attention to:

- the appropriateness of journal entries and other adjustments made in the preparation of the financial statements including manual journal entries related to operational cycles;
- potential biases in estimates;
- significant transactions, if any, outside the normal course of business.

Our specific audit response
Amongst others we have performed the following audit procedures:

- With regard to management's key accounting estimates, we evaluated judgements and decisions for bias by management including retrospective reviews of judgements (insofar possible) and assumptions related to significant accounting estimates of the prior year.
  We have paid specific attention to the estimates and assumptions related to the impairment test of Pryme One.

We performed the following specific audit procedures:

- we evaluated the design and implementation of relevant internal controls in the financial statement and consolidation process, such as segregation of duties and systems of authorisations;
  We perused through journals made in course of preparing the financial statements, identifying high risk journals within the consolidation as part of our audit approach to address fraud risks which could have a risk of material misstatement on the financial statements;
- we made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments;

- we performed audit procedures on journal entries in the various processes, amongst others closing and consolidation, based on fraud selection criteria in which amongst others at least the following criteria have been applied:
    - *Manual journal entries on the operational financial statement areas;*
    - *Adjustments made on group level which relate to regular activities on component level;*
    - *Material adjustments made during course of preparing the financial statements.*

In addition, we also performed the following more general procedures in relation to the fraud risk:

- we evaluated whether transactions, both usual and unusual, with related parties have been identified and appropriately disclosed;
- we have incorporated an element of unpredictability in the selection of the nature, timing and extent of our audit procedures by extensively testing balances as part of the IFRS-conversion that were below our performance materiality – as well as including qualitative scoping aspects on entities within the group.
- We evaluated whether the selection and application of accounting principles could potentially indicate fraudulent financial reporting. If such indications were present, we re-evaluated our assessment of the risk of fraud and its implications for our audit procedures. We also assessed the outcomes of other audit procedures, considering whether there are findings that could suggest fraud or non-compliance with laws and regulations.

Non-compliance with laws and regulations
We obtained an understanding of the relevant laws and regulations applicable to the company. We conducted discussions with, among others, the Management and Supervisory board to ascertain whether compliance with laws and regulations that could have a direct or indirect material impact on the financial statements has been achieved. Additionally, we gathered information about legal proceedings and potential claims. We also obtained a written confirmation from the management board that there were no instances of actual or suspected non-compliance with laws and regulations.

Our observations
The aforementioned audit procedures have been performed in the context of the audit of the financial statements. Consequently they are not planned and performed as a specific investigation regarding fraud and non-compliance with laws and regulations. Our audit procedures have not led to any findings.

Our audit response related to going concern
The management board has prepared the financial statements on a going concern basis. When preparing the financial statements, the management board made an assessment of the company's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with the management board exercising professional judgment and maintaining professional scepticism. We considered whether the going concern assessment made by the management board, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all events or conditions that may cast significant doubt on the company's ability to continue as a going concern.

We make reference to the basis of preparation related to going concern, where management highlighted the risks in relation to going concern. We note that the additional funding secured in 2024, being a capital increase of EUR 12 million, is important for applying the going concern assumption. In addition hereon and another important factor, is that the offtake of all production that will be produced by Pryme is secured via arrangements with large customers.

Our observations
Based on these procedures, we did not identify any reportable findings related to Pryme N.V.'s ability to continue as a going concern. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Report on the other information included in the annual accounts

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- Pryme at a glance;
- The CEO letter;
- The Board report;
- Company Profile;
- Governance Report
- Sustainability Report;
- Other information.

Based on the following procedures performed, we conclude that the other information::

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Management Board is responsible for the preparation of the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of the Management Board for the financial statements

The Management Board is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS-EU and Part 9 of Book 2 of the Dutch Civil Code. Further¬more, the Management Board is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.
We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements.

Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure, and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Rotterdam, 3 May 2024

Mazars Accountants N.V.

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