

PRYME N.V.

FIRST QUARTER 2023 REPORT



May 24, 2023

CEO LETTER

Dear shareholders,

The first quarter of 2023 has been a period of great progress and development for Pryme. Although not yet completed, we have made considerable progress towards the completion of the construction works of Pryme One. We finished the piping works of the installation and completed hydro testing, while instrumentation installation continues into the second quarter. The lifting and installation of a 26-meter-high flare were safely completed on-site in late April, and the successful connection of the plant to the electricity network in the first week of May has enabled the team to conduct sequenced functional testing of all process blocks, the beginning of the commissioning process.

We have developed our relationships with suppliers for delivery of suitable feedstock for the commissioning and production phases for Pryme One. In early May, Pryme received its first delivery of 25 tons of mixed plastic waste from a reputable European waste management company. The team successfully unloaded the delivery of feedstock into the so-called “walking floor” and is now conducting the first mechanical commissioning steps of Pryme One. We are on track to complete plant construction and mechanical commissioning by July 2023, with operations gearing up for the start of oil production in August 2023.

As a further indication of the favorable demand for our end-product, we entered into separate agreements with two leading companies operating in various areas of the plastic circular value chain to supply pyrolysis oil from our contemplated second plant, Pryme Two. Deliveries will cover approximately 1/6 of the anticipated capacity for Pryme Two.

Furthermore, we progressed our collaboration with Pryme’s partners in Project Electro which has been awarded a grant under the EU Horizon 2021 program established by the European Commission to finance research and innovation activities and for which we received EUR 2.3 million advance funding in Q1 2023. Both Pryme’s R&D center in Ghent, Belgium, and Pryme One in Rotterdam participate in the execution of the project activities.

Regarding our organization, we appointed a Technology & Engineering Director, a commissioning supervisor, a HSEQ manager, and an interim CFO to strengthen our team and prepare for the start of our operations at Pryme One. In parallel, we have secured sufficient operational resources to perform hot commissioning operations in the second quarter.

Of significant importance to us, we successfully executed a private placement of new shares, raising EUR 14.8 million in gross proceeds in April 2023, a subsequent event. This brings our total amount of funds raised to around EUR 67 million, which has enabled us to design and execute the construction of Pryme One, while also securing the funds to finalize and test the installation and start-up operations. The commitment from our investors and their constructive support throughout the value chain is crucial to our ambition to lead the way in advanced plastic recycling. The premium pricing to market for the private placement amounted to around 50%, a strong indication of the investor interest in Pryme.

We are driven to make an impact through the circular economy that we are jointly building as a society. During this quarter, with our employees, board members and external partners, we have defined three strategic pillars for us to focus and report on; Circularity; Health, Safety & Environment and Social Responsibilities & Innovation.

My excitement and that of the entire Pryme team is at a very high level with the company entering into the final phases before the startup of industrial production. We are approaching the first big milestone and everyone is extremely focused on the next steps. At the same time, we are all very aware that this is just the first step in an exciting journey. Pryme One will enable us to learn and use our acquired knowledge to roll out future plants and finish the research phase and enter into the growth phase. At the same time, we are all well aware of the expectations from us and the trust placed in us by our investors, suppliers and other stakeholders. We remain very positive and look forward to updating you on further activities in the near future. Being closer to completion of Pryme One means that there will be more events and milestones completed than in the long development and construction phase. I urge you to follow our announcements as we proceed.

Christopher Hervé

CEO and Chair of the Management Board, Pryme N.V.

PRYME N.V.
Q1 2023 REPORT

The below highlights illustrate Pryme's progresses and developments made during the first quarter of 2023. They are described in more depth later in this report:

- The Pryme One construction project has entered its final phase.
- Our Lab-scale Plant in Ghent delivered valuable guidance for our feedstock requirements.
- We started off our collaboration with Pryme's partners in Project Electro, for which we received EUR 2.3 million advance funding.
- Pryme secured relationships with suppliers for delivery of suitable feedstock for the start-up phase.
- We hired key positions in preparation for the start of operations at Pryme One.
- We entered into separate agreements with two leading companies operating in various areas of the plastic circular value chain to supply pyrolysis oil.
- In March 2023, we successfully raised EUR 14.8 million in gross proceeds through a private placement.

BUSINESS OVERVIEW

ACHIEVEMENTS IN Q1 2023

Pryme One - Construction Update

In Q1 2023, we progressed towards the final phase of the construction of Pryme One. We completed the piping installation for utilities, processed vapors, and have conducted hydro testing. We also neared completion of electrical instrumentation, cable pulling & finishing, and the lighting installation. We initiated cold commissioning with input/output testing and open loop testing. We connected the chiller installation and finalized the cooling system. We finalized the preparations for the 26-meter-high flare that was safely lifted and installed as a subsequent event towards the end of April 2023. Cold commissioning will continue in Q2 (including the extruders, the tank storage units and the walking floor) and that we expect to complete in early Q3 (including the reactor and process installation). Hot commissioning is expected to start in Q2 for the extruders and in July 2023 for the reactor. We anticipate that operations and oil production will commence in August 2023.



Technology and Lab-scale Plant Ghent

At our R&D center in Ghent, we conducted our first pyrolysis extraction tests. We based our tests on virgin polyethylene and polypropylene materials and incorporated plastic waste into the feedstock. The test results provide us with valuable guidance for the feedstock requirements for Pryme One pyrolysis oil production. We identified some improvements to be made in our industrial setup, mainly regarding the installation of the reactor. We are also progressing our analysis of two key parameters: the optimization of energy consumption and the oil extraction yield.

Pryme has progressed its collaboration with its consortium partners in Project ELECTRO. Project ELECTRO targets demonstration of innovative technology concepts that link the waste and petrochemical industry and provide sustainable, low greenhouse gas footprint and scalable circular solutions for olefin and polyolefin production. The EU Commission awarded the consortium a grant of EUR 14.2 million under the EU Horizon 2021 program for the project that spans a EUR 21.4 million research and innovation program until September 2026. Pryme's share in the grant, as the largest consortium partner, is EUR 4.8 million, supporting its budgeted EUR 8 million project costs until September 2026 as part of its overall planned R&D research and innovation costs. Both Pryme's R&D center in Ghent and Pryme One in Rotterdam participate in the execution of the project activities. The activities in the project's first work packages have commenced and Pryme received an advance payment of EUR 2.3 million from the EU to fund its first research and innovation activities costs related to Project ELECTRO.

Feedstock developments

On the feedstock side, we are collaborating closely with reputable European waste management companies to determine the optimal relationship between the feedstock composition (format and purity degree) and the quality of the pyrolysis oil. Initially, the processed feedstock at Pryme One will be of fairly high purity to ensure a smooth start-up. As a subsequent event, Pryme received its first delivery of 25 tons of mixed plastic waste from a reputable European waste management company in early May 2023. We have supply contracts in place for the first phase and are lined up for further contracts.



Organization

Preparing for our start of operations, we have further strengthened our team with multiple key positions. Dominique Gemoets joined the company as Technology & Engineering Director. Dominique is an experienced process engineer with over 20 years of industry experience in PTA (Purified Terephthalic Acid) technology and production with major global petrochemical companies.

We appointed Frans Vollerling as interim CFO, an experienced CFO in manufacturing, construction, project development, and trading operations in B2B settings.

We also filled the positions of commissioning supervisor and HSEQ manager.

As a subsequent event, early in Q2 we accelerated the operational ramp-up with the arrival of four additional process operators.



Business and market update

In March, we entered into two separate agreements to supply pyrolysis oil from our contemplated second plant, Pryme Two, for deliveries starting in 2026. The contracts are based on market-based prices to ensure attractive economics for all parties involved. These supply contracts are conditional on the timely construction and production from Pryme Two.

Regarding feedstock supply, we have secured the necessary volumes to commence operations at Pryme One. We have built relationships with selected suppliers to have access to various types of feedstocks, which will enhance our capabilities to categorize feedstocks based on our industrial setup.

Health, Safety and Environment

Safety is and remains our first and foremost priority. No incidents occurred in Q1 2023. As the activities around our plant intensify, we have increased the number of safety rounds. We have also finalized our Hazard and Operability analysis, anticipating the upcoming start of the operations at Pryme One.

Delivering an IMPACT

In Q1 2023 we have discussed and defined our foundational purpose at this pioneering stage around three pillars: (i) Circularity; (ii) Health & Safety Environment and (iii) Social Responsibilities and Innovation. Our program is called IMPACT. We are now in the process to elaborate and finetune the IMPACT indicators, prioritize the action plan by quarter and start managing our performance in each of these three pillars, reflected by periodic reporting on the defined indicators. Pryme is keen to accelerate the roll-out of its technology to spear head the reduction of plastic waste being incinerated or ending up in the environment.

Successful Capital Increase

With the increasing demand from society and customers for more circular products, Pryme continues to benefit from strong tail winds in general and support from investors specifically. This is confirmed by the recent investments by Infinity Recycling, Invest-NL, LyondellBasell and Stichting Multistrat in the capital increase to support the scale-up of new advanced recycling commercial operations. Both of our large existing shareholders as well as new investors participated in the capital increase.

The rationale behind the capital increase was to secure liquidity sufficient to fund Pryme until we are ready to go to market with a proper investment case Pryme Two, at which time a new funding round will take place. The estimated funding need until such investment case would be presented amounted to €12.5-15 million. Our latest cash flow estimate supports that this should ensure funding into 2024, with a small buffer.

Outlook 2023

Finalizing completion of Pryme One, our teams start cold and hot commissioning, gearing up for first oil production in August 2023. Ramping up our pioneering production process will be paved with a wide range of exciting challenges that we are fully prepared and committed to address. Once production runs successfully, Pryme will progress from pioneering its industrial proof of concept to an ambitious growth plan starting with a second commercial plant, for which the project development work and site selection process are initiated.



QUARTERLY FINANCIAL STATEMENTS
(Unaudited)

Note that, as was informed in the 2022 Annual Report, in 2023 Pryme will start to publish financials based on IFRS rather than Dutch GAAP starting with the first quarter of 2023. The financial statements in this report are reported based on IFRS.

BALANCE SHEET as of 31.03.2023

	IFRS 31-3-2023	IFRS 31-12-2022	Memo: Dutch GAAP 31-12-2022
Assets			
Fixed Assets			
Intangible fixed assets			
Development costs	€ 3.461.498	€ 3.431.572	€ 3.431.572
Tangible fixed assets			
Buildings	€ 4.063.300	€ 4.063.300	€ 4.063.300
Machinery	€ 31.155.672	€ 28.110.537	€ 36.587.330
Right of use assets	€ 12.842.544	€ 12.277.459	€ -
Financial fixed assets			
Other amounts receivable	€ 241.911	€ 241.911	€ 241.911
Total fixed assets	€ 51.764.925	€ 48.124.779	€ 44.324.113
Current assets			
Receivables & accrued income	€ 1.343.182	€ 2.290.413	€ 2.290.413
Cash & cash equivalents	€ 8.793.928	€ 11.519.100	€ 11.519.100
Total Assets	€ 61.902.035	€ 61.934.292	€ 58.133.626
Equity & Liabilities			
Equity			
Share capital	€ 1.648.191	€ 1.648.191	€ 1.648.191
Paid in excess of Par	€ 45.879.845	€ 45.879.845	€ 45.879.845
Legal reserves	€ 3.431.572	€ 3.431.572	€ 3.431.572
Retained earnings	€ -12.533.453	€ -11.178.848	€ -11.122.472
Total equity	€ 38.426.155	€ 39.780.760	€ 39.837.136
Long Term liabilities			
Investment subsidy received in advance	€ 7.240.709	€ 4.991.511	€ 4.991.511
Leasing liabilities to banks	€ 7.471.716	€ 7.656.698	€ 7.656.698
Other long-term liabilities	€ 426.037	€ 555.182	€ 555.182
Interest bearing loans and borrowings (> 1 year)	€ 4.165.142	€ 3.635.770	€ -
Total Long Term liabilities	€ 19.303.604	€ 16.839.161	€ 13.203.391
Current liabilities			
Leasing liabilities to banks	€ 724.179	€ 541.266	€ 541.266
Interest bearing loans and borrowings (< 1 year)	€ 221.272	€ 221.272	€ -
Trade payables	€ 1.783.804	€ 948.569	€ 948.569
Other liabilities & accruals	€ 1.443.021	€ 3.603.264	€ 3.603.264
Total current liabilities	€ 4.172.276	€ 5.314.371	€ 5.093.099
	€ 61.902.035	€ 61.934.292	€ 58.133.626

QUARTERLY FINANCIAL STATEMENTS

(Unaudited)

EQUITY MOVEMENTS STATEMENT Q1 2023

	Share Capital	Share Premium Reserve	Legal & Statutory Reserve	General Reserve	Total Equity
Balance at 1 January 2023	€ 1.648.191	€ 45.879.845	€ 3.431.572	€ -11.178.848	€ 39.780.760
Result for the period				€ -1.400.775	€ -1.400.775
Long-term incentive plan				€ 46.170	€ 46.170
Balance at 31 March 2023	€ 1.648.191	€ 45.879.845	€ 3.431.572	€ -12.533.453	€ 38.426.155

PROFIT & LOSS STATEMENT Q1 2023

	IFRS Q1 2023	IFRS 2022	Memo: Dutch GAAP 2022
Operating revenue	€ -	€ -	€ -
Cost of Sales	€ -	€ -	€ -
Gross Margin	€ -	€ -	€ -
Operating expenses			
Personnel costs	€ -496.972	€ -1.973.876	€ -1.973.876
Other employee related expenses	€ -97.622	€ -233.749	€ -233.749
Rental expenses	€ -65.962	€ -219.203	€ -806.470
SG&A expenses	€ -507.187	€ -1.453.929	€ -1.453.929
Total operating expenses	€ -1.167.743	€ -3.880.757	€ -4.468.024
Depreciation	€ -213.341	€ -482.154	€ -
Operating income	€ -1.381.084	€ -4.362.911	€ -4.468.024
Financial income / (expense)	€ -60.981	€ -179.138	€ -22.894
Profit before taxes	€ -1.442.065	€ -4.542.049	€ -4.490.918
Income taxes	€ 41.290	€ -693	€ -693
Net income after taxes	€ -1.400.775	€ -4.542.742	€ -4.491.611

Q1 interest expenses are low as sale and lease-back payments will only be in full force once operational activities are initiated. Until then interest costs are capitalized.

QUARTERLY FINANCIAL STATEMENTS

(Unaudited)

CASH FLOW STATEMENT Q1 2023

	IFRS Q1 2023	IFRS 2022	Memo: Dutch GAAP 2022
Cash flow from operating activities			
Operating income	€ -1.381.084	€ -4.362.911	€ -4.468.024
Adjustment depreciation	€ 213.341	€ 482.154	€ -
Other non-cash adjustments			
Long-term incentive plan	€ 46.170	€ 112.051	€ 112.051
Income tax refund (+)/ payment (-)	€ 41.290	€ -693	€ -693
Exchange rate differences	€ -	€ 1.558	€ 1.558
Movements in working capital			
Movements accounts receivable	€ 947.231	€ -1.011.253	€ -1.011.253
Movements trade payables	€ 835.235	€ 755.843	€ 755.843
Movements in other payables	€ -2.160.243	€ 3.013.325	€ 3.818.106
Total cash flows from operations	€ -1.458.060	€ -1.009.926	€ -792.412
Financial income (+)/ expenses (-)	€ -60.981	€ -180.696	€ -24.452
Total cash flow from operating activities	€ -1.519.041	€ -1.190.622	€ -816.864
Cash flow from investment activities			
Purchase of intangible fixed assets	€ -29.926	€ -283.362	€ -283.362
Purchase of tangible fixed assets	€ -3.258.476	€ -13.105.487	€ -21.100.126
Sale of tangible fixed assets	€ -	€ 5.869	€ 5.869
Purchase of financial fixed assets	€ -	€ -197.028	€ -197.028
Total cash flow from investment activities	€ -3.288.402	€ -13.580.008	€ -21.574.647
Cash flow from financing activities			
Public placement	€ -	€ 17.458.057	€ 17.458.057
Right of use assets	€ -565.085	€ -11.918.556	€ -
Proceeds sale and lease-back	€ -184.982	€ 7.656.698	€ 7.656.698
Investment subsidy received in advance	€ 2.249.198	€ -	€ -
Other long-term liabilities	€ -129.145	€ 555.182	€ 555.182
Interest bearing loans and borrowings	€ 712.285	€ 4.297.675	€ -
Total cash flow from financing activities	€ 2.082.271	€ 18.049.056	€ 25.669.937
Total cash flow	€ -2.725.172	€ 3.278.426	€ 3.278.426
Cash and cash equivalents at the beginning of the period	€ 11.519.100	€ 8.240.674	€ 8.240.674
Total cash flow in the period	€ -2.725.172	€ 3.278.426	€ 3.278.426
Cash and cash equivalents at the end of the period	€ 8.793.928	€ 11.519.100	€ 11.519.100

RESPONSIBILITY STATEMENT BY THE MANAGEMENT BOARD

The Management Board has today considered and approved the Q1 2023 Report of Pryme N.V. for the period from 01.01.2023 through 31.03.2023. We confirm, to the best of our knowledge, that the financial information contained in this report has been prepared in accordance with International Financial Accounting Standards (IFRS) and gives a true and fair view of Pryme N.V. and its group companies' consolidated assets, liabilities, financial position and result after tax. We also confirm, to the best of our knowledge, that the Business Overview in this report includes a fair review of important events that have occurred during the first quarter of the financial year 2023 and that their impact on the condensed set of consolidated financial statements is reflected adequately.

Rotterdam, May 24, 2023

Christopher Hervé

CEO and Chair of the Management Board, Pryme N.V.

About Pryme: www.pryme-cleantech.com

Pryme N.V. is an innovative cleantech company focused on converting plastic waste into valuable products through chemical recycling on an industrial scale. Its efficient and scalable technology is based on a proven pyrolysis process that has been further developed and enhanced with proprietary characteristics.

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

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

The company is listed on the Euronext Oslo Growth market.

Pryme can be followed on LinkedIn.

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