

BUSINESS OVERVIEW: ACHIEVEMENTS IN Q3 2021

Construction update

Our first industrial scale pilot plant is under construction at the PlantOne facility in the port of Rotterdam. It will have an annual plastic intake capacity of 40,000 tonnes.

In the third quarter steady progress was made on planning, contracting and construction of the plant. Most commitments for the construction are now locked in contractually and the detailed design is frozen. The design includes additional flexibility to facilitate process improvements that will benefit future plant designs.

Civil works started in August and the foundations are now ready for installation of the steel structure, which is due in December. Equipment installation is planned for Q1 22 and start of commissioning will start as expected in Q2 22, with start of production in 2H 22.

Contracts on utilities and connections outside battery limits are currently being negotiated.

Strategic Agreements

Pryme was excited to sign a strategic cooperation and offtake agreement with Shell Chemicals Europe in August. This was the result of four years of constructive dialogue between parties.

The strategic cooperation agreement outlines the common strategic aim to foster development of the value chain. Although non-exclusive, the agreement recognizes the role of Shell promoting the development of our concept through a commitment for a significant part of the volume of our first plant.

The agreement also defines the path towards supply from the projected future plant in the Rotterdam area. This phase 2 plant would start production in 2025 with a plastic intake capacity of 450'000 tonnes p/a, thus producing about 340'000 tonnes p/a of pyrolysis oil.

The offtake agreement defines pricing and logistical arrangements for the supply of pyrolysis oil from our first plant.

These Shell agreements provide an important validation of our business case towards the plastic waste industry.

We also confirm significant interest for our pyrolysis oil from across the petrochemical industry, and during the third quarter several discussions with potential offtakers have been initiated and/or further matured.

The aim is to develop additional partnerships, which will form the foundations for permit applications in multiple European locations that we aim to submit in the future.

Plastic Feedstock

On the plastic feedstock side, Pryme has been in discussions with multiple long-term suppliers of plastic feedstock over the course of Q3. The LOI in force is being further matured and several new NDA's have been signed.

The aim is to develop deep ties with the waste and recycling industry across Europe, as they play a key role in developing this value chain.

Pryme is targeting feedstock that would typically be destined for incineration or even landfill, and therefore is well positioned as complimentary to the mechanical recycling industry.

In conjunction with the waste and recycling industry, we are currently defining a generic Pryme specification from which our chemical recycling plants will be able to produce pyrolysis oil at acceptable quality levels to the offtakers.

Lab scale plant – University of Ghent

To make continuous improvements to our processes and to proactively research the chemical link between different sources of feedstock and pyrolysis oil output, Pryme has decided to build its own R&D facility.

During Q3 preparations were made for the facility, which will be located at the premises of the University of Ghent, a leading knowledge center on pyrolysis and petrochemical processes. Equipment has been ordered and the lab is planned to be up and running in Q1 2022.

The testing of specific batches of plastic feedstock and projected quality of pyrolysis oil is expected to provide useful insights. These will inform decisions relating to operations of the pilot plant.

Together with the University of Ghent, other academic institutions, and several industrial partners (including a petrochemical major as well as a provider of renewable energy) we have submitted an EU Horizon application for subsidies to support a four-year development project to achieve a fully electrified process to make plastics circular through chemical recycling.

Organization

During Q3 two important additions to the management team started their work at Pryme:

Sander Schiereck started as plant manager and Joeri Dieltjens commenced as rollout manager. Both bring valuable experience from the petrochemical industry. Getting these resources on board during the time of construction and early deployment of our technology is key to us, as it allows for building an in-house knowledge base.

For the management of our future R&D program a suitable candidate has committed to start in February 2022. Based in Ghent the candidate will be responsible for the development of our technology road map.

The company has contracted Pascal Spiekerman to take responsibility for SHEQ related affairs. Pascal will develop and implement a framework that will ensure compliance with all relevant procedures and regulations and industry standard health and safety practices.

Next steps

The focus remains on the timely construction and successful startup of the first plant. Apart from construction, this also implies getting the operational teams in place, as well as organizing numerous logistical challenges to get the plant ready. Once production starts, we expect to verify our industrial processes. Such proof of concept will then clear the way for the rollout phase of our company.

In parallel, we are finalizing the blueprint for our future modular and scalable plant design, which will be used for the submission over several permit applications across Europe.

A third point of focus concerns long term feedstock arrangements, which we aim to further develop over the next 6 months.



FINANCIAL STATEMENTS

BALANCE SHEET

	31.12.20	31.03.21	30.06.21	30.09.21
Assets				
Fixed Assets				
Intangible fixed assets				
Development costs	€ 2'290'674	€ 2'290'674	€ 2'290'674	€ 2'290'674
Tangible fixed assets				
Machinery	€ 8'729'086	€ 11'646'775	€ 14'407'587	€ 16'480'255
Other fixed assets	€ 2'500	€ 5'836	€ 14'269	€ 22'929
Financial fixed assets	€ 37'303	€ 37'303	€ 42'194	€ 44'894
Total fixed assets	€ 11'059'563	€ 13'980'588	€ 16'754'724	€ 18'838'752
Current assets				
Receivables	€ 1'105'942	€ 1'091'528	€ 1'231'125	€ 1'265'816
Cash & cash equivalents	€ 154	€ 19'683'092	€ 15'932'694	€ 14'321'640
Total Assets	€ 12'165'659	€ 34'755'209	€ 33'918'543	€ 34'426'208
Equity & Liabilities				
Equity	€ 6'469'699	€ 28'902'635	€ 28'360'469	€ 27'710'930
Long Term liabilities				
Accruals and deferred income	€ 4'991'511	€ 4'991'511	€ 4'991'511	€ 4'991'511
Current liabilities				
Trade payables	€ 585'297	€ 733'759	€ 473'879	€ 1'613'139
Other liabilities	€ 119'152	€ 127'304	€ 92'684	€ 110'628
	€ 12'165'659	€ 34'755'209	€ 33'918'543	€ 34'426'208

The financial figures included in this report are unaudited except for the FY 2020 figures

PROFIT & LOSS STATEMENT

	31.12.20	Q1	Q2	Q3	YTD 2021
Operating revenue	€ -	€ -	€ -	€ -	€ -
Cost of Sales	€ -	€ -	€ -	€ -	€ -
Gross Margin	€ -	€ -	€ -	€ -	€ -
Operating expenses					
Wages & Salaries	€ 11'778	€ 3'000	€ 2'700	€ 16'472	€ 22'172
Oher expenses employee benefits	€ 212'500	€ 157'302	€ 219'866	€ 228'076	€ 605'244
Housing expenses	€ 89'311	€ 42'557	€ 50'411	€ 64'027	€ 156'995
Audit & Accounting	€ 117'344	€ 23'109	€ 29'339	€ 13'552	€ 66'000
Legal advisory	€ 81'922	€ 25'744	€ 149'893	€ 22'633	€ 198'270
Insurances	€ 62'295	€ -	€ -	€ 30'482	€ 30'483
Other operating expenses	€ 12'562	€ 12'333	€ 56'467	€ 200'962	€ 269'761
Total operating expenses	€ 587'712	€ 264'045	€ 508'676	€ 576'204	€ 1'348'925
Depreciation	€ -	€ 67	€ 170	€ 1'493	€ 1'731
Operating result	€ -587'712	€ -264'112	€ -508'846	€ -577'697	€ -1'350'656
Financial income / (expense)	€ 1'846	€ -11'792	€ -19'993	€ -17'699	€ -49'483
EBIT	€ -585'866	€ -275'904	€ -528'839	€ -595'396	€ -1'400'139

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CASHFLOW STATEMENT

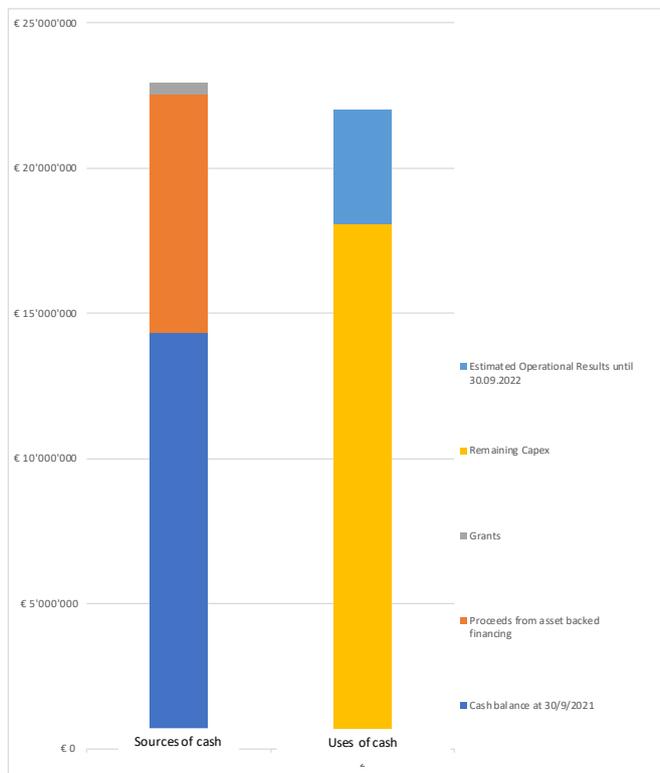
	31.12.20	Q1	Q2	Q3	YTD 2021
Cash flow from operating activities					
Operating result	€ -587'712	€ -264'112	€ -508'846	€ -577'697	€ -1'350'655
Adjustments for					
Depreciation	€ -	€ 67	€ 170	€ 1'493	€ 1'730
Changes in working capital					
Movements accounts receivable	€ 331'229	€ 14'414	€ -139'596	€ -34'692	€ -159'874
Movements in other payables	€ 155'131	€ 156'614	€ -294'500	€ 1'157'204	€ 1'019'318
Total cash flows from operations	€ -101'352	€ -93'017	€ -942'772	€ 546'308	€ -489'481
Financial income	€ 1'846	€ -11'792	€ -19'993	€ -17'699	€ -49'484
Total cash flow from operating activities	€ -99'506	€ -104'809	€ -962'765	€ 528'609	€ -538'965
Cash flow from investment activities					
Purchase of tangible fixed assets	€ -471'873	€ -2'921'092	€ -2'769'415	€ -2'082'821	€ -7'773'328
Purchase of financial fixed assets	€ -138	€ -	€ -4'891	€ -2'700	€ -7'591
Total cash flow from investment activities	€ -472'011	€ -2'921'092	€ -2'774'306	€ -2'085'521	€ -7'780'919
Cash flow from financing activities					
Public placement	€ -	€ 24'820'419	€ -5'000	€ 5'000	€ 24'820'419
Expenses relating to public placement	€ -	€ -2'111'579	€ -8'327	€ -59'143	€ -2'179'049
Total cash flow from financing activities	€ -	€ 22'708'840	€ -13'327	€ -54'143	€ 22'641'370
Total cash flow	€ -571'517	€ 19'682'939	€ -3'750'398	€ -1'611'055	€ 14'321'486
Cash and cash equivalents at the beginning of the period	€ 571'671	€ 154	€ -	€ -	€ 154
Total cash flow in the period	€ -571'517	€ 19'682'939	€ -3'750'398	€ -1'611'055	€ 14'321'486
Cash and cash equivalents at the end of the period	€ 154	€ 19'683'092	€ -3'750'397	€ -1'611'055	€ 14'321'640

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CASHFLOW OUTLOOK

Cash flow outlook for the next 12 months

	<u>Sources of cash</u>	<u>Uses of cash</u>
Cash balance at 30/9/2021	€ 14'321'640	
Proceeds from asset backed financing	€ 8'200'000	
Grants	€ 400'000	
Remaining Capex		€ 18'093'740
Estimated Operational Results until 30.09.2022		€ 3'920'123
	€ 22'921'640	€ 22'013'863
Balance at 30.09.2022	€ 907'777	



Note on cash flow outlook:

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

Statement by the Supervisory Board and the Management Board

The Supervisory Board and the Management Board have today considered and approved the Business Review report of Pryme B.V. (collectively “the Group”) for the period January 1, 2021 up to September 30, 2021.

We confirm, to the best of our knowledge, that the financial information contained in the Business Review for the period January 1, 2021 to September 30, 2021 has been prepared in accordance with Dutch accounting principles and gives a true and fair view of Pryme BV and its Group companies’ assets, liabilities, financial position and profit or loss as a whole.

We also confirm, to the best of our knowledge, that the Business Review includes a fair review of important events that have occurred during the third quarter of the financial year 2021 and their impact on the condensed set of consolidated financial statements is reflected adequately.

About Pryme | www.pryme-cleantech.com

Pryme BV 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 40,000 mt, which will start production in 2022.

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 Oslo Euronext Growth Exchange.