

PRYME N.V.

Q3 2022 REPORT

NOVEMBER 30, 2022



Pryme One - Advanced Recycling Reactor

CEO Letter

Dear Investors,

Pryme's roots go back over a decade when our founder Johannes van der Endt developed an industrial process that converts plastic waste into valuable products at industrial scale. After all these years of pioneering the company is about to start operating its first plant, "Pryme One" in Rotterdam.

In the meantime, plastic waste has been elevated to one of the critical issues of our time. Social and political pressures to reduce waste and improve recycling rates, global brands committing to switching their demand to recycled plastics and increasing focus from the petrochemical industry have reinforced Pryme's ambition to be a game changer in the plastic supply chain by enabling plastic circularity through advanced recycling at industrial scale.

Since joining Pryme six months ago, my efforts have been dedicated to the timely delivery and successful start-up of Pryme One. This plant is the logical end point of our pioneering phase and will validate our pyrolysis process on an industrial scale, which will unlock economies not seen to date in plastic recycling, and eventually position Pryme as a leading company in this field.

Construction of Pryme One has now reached its critical final phase, leading to the start of commissioning in early 2023, and commercial production in Q3 2023. The plant has a plastic waste intake capacity of 40'000 tons per year, resulting in the production of 30'000 tons of pyrolysis oil.

Along with the ongoing construction of our first plant, much focus has been placed on building an ambitious and cohesive team consisting of professionals with many years of applicable experience in the industrial & petrochemical sector. Having a team with the correct skillset, relevant experience and can-do attitude is of utmost importance for success and future growth.

Several other recent developments and achievements are notable:

We have now completed the installation of our lab scale process in our R&D center in Ghent, Belgium. This facility will focus on continued process improvements, which we identified as a key driver of sustained company growth.

We also made significant progress in negotiating the terms of a multi-year strategic supply agreement of plastic feedstock with a major waste sorting company. These feedstock flows will function as a backbone for Pryme One and will ensure process continuity while testing various other qualities of feedstock.

The coming months will present multiple challenges, and the team and I are committed to meet these with resourcefulness and dedication.

We first and foremost need to finish the construction of Pryme One and complete staffing ramp-up to ensure start of operations. More broadly, knowledge and skills will be critical to our long-term success, we will remain focused on developing, growing and protecting them.

At the same time, we are laying the groundwork for our next plant in the Rotterdam area which will be a logical continuation from Pryme One. We have developed several options and aim for the design of a 120'000-ton plant that incorporates our learning from Pryme One, leading to an investment decision by early 2024.

All in all, we have made good operational and organizational progress through Q3 of 2022. With the startup of Pryme One, 2023 will be an inflection point with our focus gradually shifting from pioneering to rollout. I look forward to supporting the Pryme teamwork and delivering on the vast potential ahead of us.

Christopher Herve

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The third quarter of 2022 witnessed accelerating growth for Pryme NV, as below highlights illustrate:

- The build project progressed steadily through its critical phase as installation and assembly of key process blocks of the plant continued. Having finished lifting all the key equipment, including the feed handling system, two extruders, the ash cooler, the quench column and the reactor, we were able to make progress on mechanical completion, piping & electrical.
- A senior project engineer joined the company, and an external expert advisor was appointed on the management of non-condensable gas, both to ensure that the Pryme team is adequately staffed for the final completion of the construction. During Q3 shift operations also continued their build-up with the joining/hiring of additional talent.
- In August 2022, Pryme finalized the renegotiation of the terms of its pyrolysis oil supply agreement with Shell. The renegotiated agreement is in effect a new supply agreement ensuring attractive economics for both parties.
- Pryme made significant progress in negotiating the terms of a strategic 5-year plastic waste supply agreement to secure substantial coverage of the requirements for the first year and a guaranteed base load supply for subsequent years. We expect to sign before the end of Q4 2023.
- In October, as a subsequent event, Pryme finalized a sales and leaseback agreement for some of the equipment installed in Pryme One. This agreement secured EUR 8.2 million of liquidity.

BUSINESS OVERVIEW

ACHIEVEMENTS IN Q3 2022

Pryme One – Construction Update

We made significant progress in a challenging business environment in the construction of Pryme One, our first production unit located in the Port of Rotterdam. Pryme One will have a plastic waste chemical recycling throughput of 40'000 tons per year equivalent to 30'000 tons of pyrolysis oil. As the pictures illustrate, most of the key equipment is now installed.



We continued to experience external supply chain issues. Nevertheless, with the construction approaching completion and most long lead time equipment items having already been committed, delivered or ordered, the effects were smaller than in previous quarters. Staffing shortages of contractors for completion of the construction remains an ongoing challenge that the company manages in close cooperation with its EPC partner to mitigate negative impacts.

In September we made good progress on the engineering for the installation of a gas turbine. As a subsequent event, the company entered into a rental agreement with a Dutch supplier for an adequate second-hand gas turbine with delivery in the first half of 2023.

The overall spending relating to the construction of Pryme One is well under control and the company does not foresee any material overruns compared to what has been communicated to date. The company plans to start partial commissioning in January 2023 while piping works will be finalised in February 2023 for hot commissioning to start in March/April 2023 as previously communicated.



Pryme One - Flare Combustion Chamber

Organisation

We further strengthened the organisation during the reporting period. Below are some examples of recent additions to our organization:

- Zinaida Djodikromo joined the company as Senior Project Engineer. She has extensive experience in petrochemical onshore & offshore projects including gas turbines and oil products storage.
- In August Doctor Bhargav Baruah, post-doctoral researcher at Ghent University, started as an R&D advisor to our lab scale plant & innovations centre working alongside our R&D Manager. Doctor Baruah holds a PhD from the Indian Institute of Technology.



- Additional shift leaders and assistant shift leaders joined the company with experience in managing production teams of complex petrochemical assets and processes. The on-boarded operations teams are actively contributing to commissioning & start-up pre-works while working alongside our Build Director and Senior Project Engineer on detailed engineering optimisation and construction works.

Renegotiated Shell supply agreement

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

Health, Safety and Environment

Safety is and remains Pryme's first and foremost priority. No incident occurred at our build site during the reporting period. Daily safety rounds were conducted by Pryme employees to ensure compliance of all parties acting on site with up to 50 workers clocking in daily from various contractors and sub-contractors.

Delivering an IMPACT

Since Pryme's entrepreneurial beginnings over a decade ago, the desire to have a positive impact on the environment, on communities and the world has been hard coded into our DNA. To support these ambitions, we have set up an internal IMPACT committee to encourage, promote, propose and monitor our IMPACT policies and stakeholder alignment.

Successful Closing of Sales & Leaseback transaction

As a subsequent event, the company's affiliate, CCT Circular Cleantech BV, finalized the sale and leaseback arrangements with its bank in the amount of EUR 8.2 million in October 2022. The funds have been transferred to Pryme on October 17 as a subsequent event. This completes the financing mentioned under equipment financing in the investor presentation for the private placement and subsequent offering earlier this year. The sale and leaseback financing contains a

buy-back option after the 8.5-year term of the agreement. The effective interest rate is fixed at 5.9% through the term of the agreement. The obtained funds will be used towards the completion of construction, commissioning and start-up of production of Pryme One.

Market Overview: Regulatory & Consumer tail winds, energy price concerns

On the back of increasing extended producer responsibility schemes and ongoing regulatory developments, advanced recycling activities continue to benefit from structural tail winds. Two significant petrochemical players, Shell and Neste, announced investments in upgrading facilities for pyrolysis oil, confirming future demand for pyrolysis oil in the order of hundreds of thousands of tons. With the largest capacity single reactor train well under construction in Rotterdam, Pryme is at the forefront of pioneering industrial scale plastic pyrolysis, and through this enabling a meaningful supply of circular plastic.

At the same time Europe is experiencing large power and gas price volatility which impacts commercial performance. Although Pryme does not believe that the current energy price and volatility levels will be sustained in the long run, and the Shell supply contract offers much improved economics, Pryme does not expect to be able to offset power price levels and volatility through pyrolysis oil sales prices in full under all circumstances. The impact on operational margins is expected to be most pronounced during commissioning when the plant does not run at high efficiency levels when output is low, energy consumption is high and before the use of process gases has been enabled. Progress made to date on the inclusion of a gas turbine to the Pryme process will significantly improve the economics of operating in a highly volatile energy price environment by reducing our net exposure to energy prices.

Plastic Feedstock

The company is in final negotiations with a reputable strategic supplier on the terms for a 5-year plastic feedstock supply contract for the ramp-up and commercial production phases of Pryme One. This long-term supply agreement will ensure a substantial coverage for the volume requirements for the first year and a guaranteed base load supply for subsequent years.

The feedstock supplied through this contract will be of high purity to ensure a smooth start-up and to ensure compliance with oil quality specifications. Over

time, Pryme will use the high-quality base load volume to blend with lower quality and price feedstock volumes in order to optimize commercial performance. Pryme believes its technology allows the use of lower purity feedstock than most competing technologies. We expect to sign the first feedstock agreement in December 2022.

Lab-scale Plant, in partnership with University of Ghent

Pryme's state of the art R&D centre located in the premises of the University of Ghent, started commissioning in November following the completion of the installation of the lab-scale plant in October 2022.

Our R&D Manager, supported by Doctor Bhargav Baruah who joined as advisor in August, is focused on understanding the relationships between feedstock composition and pyrolysis oil output quality while also exploring post treatment oil purification. The company has also initiated discussions with brand owners to provide testing and possibly certification of their mixed plastic packaging enabling an optimal design for such packing from an advanced recycling treatment post-consumer perspective.

Looking forward

With strong consumer, business and government support for circular, low-carbon solutions the growing Pryme team remains dedicated to the timely delivery and successful startup of Pryme One, its first industrial-scale pyrolysis plant. Demonstrating and validating Pryme's industrial processes and unlocking economies of scale not seen to date in advanced recycling, will position Pryme as the leading pioneer.

Through the funding activities to date, Pryme secured the necessary liquidity to design, execute and complete the build of Europe's largest plastic waste pyrolysis plant. Looking ahead, discussions are underway with several potential industry focused investors to secure up to EUR 10 million of additional capital. This is consistent with previous communications.

Pryme One's production start-up in 2023 will be an inflection point for the company. The focus then shifting from pioneering our industrial proof of concept to rolling out a proven technology with a second commercial plant in Rotterdam followed by a global buildup of units.

INTERIM FINANCIAL STATEMENTS

– UNAUDITED FIGURES –

BALANCE SHEET per 30.09.2022

| | 30.09.22 | 30.06.22 | 31.03.22 | 31.12.21 |
|--|--------------|--------------|--------------|--------------|
| Assets | | | | |
| Fixed Assets | | | | |
| Intangible fixed assets | | | | |
| Development costs | € 3'193'040 | € 3'198'354 | € 3'193'040 | € 3'148'210 |
| Tangible fixed assets | | | | |
| Buildings | € 3'519'352 | € 3'519'352 | € 3'519'352 | € - |
| Machinery | € 28'706'572 | € 26'403'673 | € 22'487'440 | € 19'550'504 |
| Other fixed assets | € 297'940 | € 165'342 | € 90'881 | € - |
| Financial fixed assets | | | | |
| Other amounts receivable | € 250'489 | € 244'191 | € 244'191 | € 50'752 |
| Total fixed assets | € 35'967'393 | € 33'530'912 | € 29'534'904 | € 22'749'466 |
| Current assets | | | | |
| Receivables | € 2'424'987 | € 1'571'684 | € 1'317'453 | € 1'279'160 |
| Cash & cash equivalents | € 10'769'849 | € 14'972'493 | € 4'034'214 | € 8'240'674 |
| Total Assets | € 49'162'229 | € 50'075'089 | € 34'886'571 | € 32'269'300 |
| Equity & Liabilities | | | | |
| Equity | | | | |
| Share capital | € 1'648'191 | € 1'648'191 | € 15'000 | € 15'000 |
| Paid in excess of Par | € 45'902'021 | € 45'921'128 | € 30'054'979 | € 30'054'979 |
| Legal reserves | € 3'148'210 | € 3'148'210 | € 3'148'210 | € 3'148'210 |
| Retained earnings | € -9'534'918 | € -8'592'724 | € -7'406'893 | € -6'459'551 |
| Long Term liabilities | | | | |
| Investment subsidy received in advance | € 4'991'511 | € 4'991'511 | € 4'991'511 | € 4'991'511 |
| Current liabilities | | | | |
| Trade payables | € 1'044'785 | € 765'711 | € 1'848'067 | € 350'561 |
| Accruals & Other liabilities | € 1'962'429 | € 2'193'062 | € 2'235'696 | € 168'589 |
| | € 49'162'229 | € 50'075'089 | € 34'886'571 | € 32'269'300 |

EQUITY MOVEMENTS STATEMENT Q3 2022

| | Share Capital | Share Premium Reserve | Legal & Statutory Reserve | General Reserve | Total Equity |
|------------------------------|---------------|-----------------------|---------------------------|-----------------|--------------|
| Balance at 1 January 2022 | € 15'000 | € 30'054'979 | € 3'148'210 | € -6'459'550 | € 26'758'639 |
| Listing 03-05-2022 | € 1'504'074 | € 13'676'741 | | | € 15'180'815 |
| Listing 28-6-2022 | € 129'117 | € 2'170'301 | | | € 2'299'418 |
| Result for the period | € - | € - | € - | € -3'075'367 | € -3'075'367 |
| Balance at 30 September 2022 | € 1'648'191 | € 45'902'021 | € 3'148'210 | € -9'534'917 | € 41'163'504 |

PROFIT & LOSS STATEMENT Q3 2022

| | YTD | | Q3 | | Q2 | | Q1 | | 31.12.21 | |
|---------------------------------|-----|-------------------|----|-----------------|----|-------------------|----|-----------------|----------|-------------------|
| Operating revenue | € | - | € | - | € | - | € | - | € | - |
| Cost of Sales | € | - | € | - | € | - | € | - | € | - |
| Gross Margin | € | - | € | - | € | - | € | - | € | - |
| Operating expenses | | | | | | | | | | |
| Personnel costs | € | -1'174'527 | € | -401'332 | € | -460'943 | € | -312'252 | € | -890'019 |
| Other employee related expenses | € | -336'890 | € | -113'549 | € | -106'639 | € | -116'702 | € | -278'831 |
| Rental expenses | € | -542'599 | € | -206'142 | € | -176'550 | € | -159'907 | € | -228'838 |
| SG&A expenses | € | -992'552 | € | -209'771 | € | -434'198 | € | -348'583 | € | -897'037 |
| Total operating expenses | € | -3'046'568 | € | -930'794 | € | -1'178'330 | € | -937'444 | € | -2'294'725 |
| Depreciation | € | - | € | - | € | - | € | - | € | - |
| Operating result | € | -3'046'568 | € | -930'794 | € | -1'178'330 | € | -937'444 | € | -2'294'725 |
| Financial income/(expense) | € | -28'799 | € | -11'400 | € | -7'501 | € | -9'898 | € | -62'830 |
| EBIT | € | -3'075'367 | € | -942'194 | € | -1'185'831 | € | -947'342 | € | -2'357'555 |
| Income tax expense | € | - | € | - | € | - | € | - | € | - |
| Total of result after tax | € | -3'075'367 | € | -942'194 | € | -1'185'831 | € | -947'342 | € | -2'357'555 |

CASH FLOW STATEMENT Q3 2022

| | YTD | | Q3 | | Q2 | | Q1 | | 31.12.21 | |
|--|-----|-------------------|----|-------------------|----|-------------------|----|-------------------|----------|------------------|
| Cash flow from operating activities | | | | | | | | | | |
| Operating result | € | -3'046'568 | € | -930'794 | € | -1'178'330 | € | -937'444 | € | -2'294'725 |
| Adjustments for | | | | | | | | | | |
| Depreciation | € | - | € | - | € | - | € | - | € | - |
| Changes in working capital | | | | | | | | | | |
| Movements accounts receivable | € | -1'145'827 | € | -853'303 | € | -254'231 | € | -38'293 | € | -173'218 |
| Movements in other payables | € | 2'488'064 | € | 48'441 | € | -1'124'989 | € | 3'564'613 | € | -185'300 |
| Total cash flows from operations | € | -1'704'331 | € | -1'735'656 | € | -2'557'550 | € | 2'588'876 | € | -2'653'243 |
| Financial income | € | -28'799 | € | -11'400 | € | -7'501 | € | -9'898 | € | -62'830 |
| Total cash flow from operating activities | € | -1'733'130 | € | -1'747'056 | € | -2'565'051 | € | 2'578'978 | € | -2'716'073 |
| Cash flow from investment activities | | | | | | | | | | |
| Purchase of intangible fixed assets | € | -44'830 | € | 5'314 | € | -5'314 | € | -44'830 | € | -857'536 |
| Purchase of tangible fixed assets | € | -12'973'360 | € | -2'435'497 | € | -3'990'694 | € | -6'547'169 | € | -10'818'918 |
| Purchase of financial fixed assets | € | -199'737 | € | -6'298 | € | - | € | -193'439 | € | -13'449 |
| Total cash flow from investment activities | € | -13'217'927 | € | -2'436'481 | € | -3'996'008 | € | -6'785'438 | € | -11'689'903 |
| Cash flow from financing activities | | | | | | | | | | |
| Public placement | € | 18'412'967 | € | - | € | 18'412'967 | € | - | € | 24'820'419 |
| Expenses relating to public placement | € | -932'735 | € | -19'107 | € | -913'629 | € | - | € | -2'173'923 |
| Total cash flow from financing activities | € | 17'480'232 | € | -19'107 | € | 17'499'338 | € | - | € | 22'646'496 |
| Total cash flow | € | 2'529'175 | € | -4'202'644 | € | 10'938'279 | € | -4'206'460 | € | 8'240'520 |
| Cash and cash equivalents at the beginning of the period | € | 8'240'674 | € | 14'972'493 | € | 4'034'214 | € | 8'240'674 | € | 154 |
| Total cash flow in the period | € | 2'529'175 | € | -4'202'644 | € | 10'938'279 | € | -4'206'460 | € | 8'240'520 |
| Cash and cash equivalents at the end of the period | € | 10'769'849 | € | 10'769'849 | € | 14'972'493 | € | 4'034'214 | € | 8'240'674 |

STATEMENT BY THE MANAGEMENT BOARD

The Management Board has today considered and approved the Q3 Report of Pryme NV for the period from 01.07.2022 through 30.09.2022.

We confirm, to the best of our knowledge, that the financial information contained in this report has been prepared in accordance with Dutch accounting principles and gives a true and fair view of Pryme NV and its group companies' assets, liabilities, financial position and profit or loss as a whole.

We also confirm, to the best of our knowledge, that the Business Overview in this report includes a fair review of important events that have occurred during the third quarter of the financial year 2022 and that their impact on the condensed set of consolidated financial statements is reflected adequately.

Rotterdam, November 30, 2022

Christopher Herve
CEO

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.