

Trading update Pryme N.V.

Rotterdam, March 20, 2024

FY 2023 full year financials

After completing the pre-audit for the 2023 fiscal year ("FY") Pryme N.V. ("Pryme" or the Company") has decided to provide the following preliminary estimates and unaudited figures for Q4, 2023 and FY 2023:

- Q4 2023 and FY 2023 revenues of EUR 0 million as expected as the commercial production from the Company's first plant is only expected to commence in Q2 2024 as previously communicated.
- Q4 2023 EBITDA loss of approximately EUR 2.6 million and FY 2023 EBITDA loss of approximately EUR 7.3 million.
- Q4 2023 EBIT loss of approximately EUR 9.9 million and FY 2023 EBIT loss of approximately EUR 15.4 million. It should be noted that regular depreciation of the Pryme One fixed assets commenced at the end of Q4 2023 following the completion of the commissioning of Pryme One.
- Negative Q4 2023 cash flow of approximately EUR 5.1 million and negative FY 2023 cash flow of approximately EUR 3.3 million. The breakdown of the Q4 and FY 2023 cash flows is as follows:
 - Q4 2023 cash outflow from investments of approximately EUR 6.3 million and FY 2023 cash outflow from investments of approximately EUR 13.9 million.
 - Q4 2023 negative cash flow from operations (excluding working capital movements) of approximately EUR 1.5 million and FY 2023 cash outflow from operations of approximately EUR 6.4 million.
 - Q4 2023 negative cash flow from financing activities of approximately EUR 0.4 million and FY positive 2023 cash flow from financing activities of approximately EUR 15.4 million.
 - Q4 2023 positive cash flow from changes in working capital of approximately EUR 3.1 million and positive FY 2023 cash flow from changes in working capital of approximately EUR 1.5 million.
- The outstanding spending on the Company's first plant as of the end of 2023 is estimated to amount to around EUR 3-4 million.
- Ending Q4 2023 cash balance of approximately EUR 8.2 million.
- Ending Q4 2023 equity balance of approximately EUR 39.5 million.
- Ending Q4 2023 non-current assets of approximately EUR 53.3 million and current assets of around EUR 9.7 million.

The changes in the Q4 and FY 2023 financials are cash flow neutral and mainly involve reclassifications of ground lease assets to intangible assets, a partial write down of assets associated with the Amsterdam site and offsetting increases and decreases of deferred tax assets and liabilities, respectively. Further details will be provided in Pryme's 2023 annual report which is scheduled to be published on May 6, 2024.

Pryme One operational update

Following the completion of Pryme One, the Company's first plant, in early January 2024, first oil was produced on January 19th, 2024 albeit through so-called cold feeding of the reactor. This encompassed feeding the reactor directly with cold plastic waste instead of feeding the reactor with melted plastic waste through one of the Company's two extruders. This was followed by a second day of production where the entire production process was utilized including one of the extruders to feed hot (around 300°C) melted plastic waste into the reactor. The initial production run using the entire production process went flawlessly. During these two days with a combined 6 hours of feeding the reactor, approximately 8 metric tons of plastic waste was processed and around 6 metric tons of pyrolysis oil was produced. After two days of successful production, the process was halted for a thorough check of all equipment by the Pryme team. The purpose of this is to scrutinize the performance of each component of the Pryme One production facility and to examine whether "wear and tear" issues will arise, how often components need cleaning, and the overall integrity of the production equipment including all seals, gaskets and piping. This check is

expected to last into the early days of April 2024 after which the Company plans to commence continuous production. First shipment of pyrolysis oil to customers is expected to take place in April 2024. Overall, the Company expects to reach production volumes of up to 1,500 tons of pyrolysis oil in Q2 of 2024, with steadily increasing volumes throughout Q3 and Q4 of 2024.

As mentioned in earlier disclosures, the startup of production at Pryme One is a three-phase process. Phase one was the initial startup of the plant through cold feeding the plastic waste feedstock. Phase two commenced with the start-up of the extruder and is expected to last until early in Q3, 2024. During phase two, production volumes are expected to show a steady increase but remain limited. During phase three, which is expected to commence during Q3, 2024, the Company plans to approach the nameplate capacity of the plant.

The Company is excited to report that based on physical observations, the pyrolysis oil is very liquid even at low temperatures and the ashes are odorless, dry and free flowing. These are all signs of a complete and effective pyrolysis process. Pryme One has not experienced any issues with waxing in the condensation unit confirming a complete pyrolysis process in the reactor.

Pryme is proud to have successfully achieved mechanical completion and the start of production in what today is the largest advanced recycling plant to process plastic waste into pyrolysis oil in Europe.

Plant economics for Pryme One and further plants

The renegotiation of the supply contract and the early production in Pryme One have both improved and increased our confidence in the expected plant economics for Pryme One and Pryme Two/Three. The combined effect of the revised terms of the supply contract and the observed reactor performance of Pryme One have thus resulted in a positive shift in the financial projections of the Company. The revised expected plant economics can be found in the table below.

Expected plant economics				
	Unit	Pryme One 2024**	Pryme One at nameplate capacity	Pryme Two at nameplate capacity
Annual capacity	MT* of pyrolysis oil	12,000	30,000	90,000
Selling price pyrolysis oil	€/MT of pyrolysis oil	1,200	1,200	1,200
Cost of plastic waste feedstock (delivered)	€/MT of pyrolysis oil	300	300	300
Energy Cost	€/MT of pyrolysis oil	130	130	90
Other plant OPEX	€/MT of pyrolysis oil	500	220	150
Plant EBITDA	€/MT of pyrolysis oil	270	550	660
<u>Annualized Plant EBITDA @ annual capacity</u>	<u>€ Million</u>	<u>3.2</u>	<u>16.5</u>	<u>59.4</u>
Approximate replacement investment	€ Million	40.0	40.0	110.0
<u>Annualized Plant ROI ***</u>	<u>% p.a.</u>	<u>N/A</u>	<u>41%</u>	<u>54%</u>
Memo: Annual non-plant related overhead	€ Million	5	6	12
* MT = Metric Tons				
** Pryme One in 2024 represents a ramp up year. Pryme anticipates the ramp up process to continue into 2025.				
The figures for "Pryme One 2024" represent run rate figures and may not reflect actual FY 2024 performance.				
*** Annualized Plant ROI is a cash return substitute measure defined as EBITDA/replacement investment value				

As can be derived from this table, the plant operations of Pryme One are expected to break even in the second half of 2024 as volumes ramp up. As mentioned, the early insights from Pryme One's short production runs have added comfort to Pryme's projections for Pryme Two/Three.

It should be noted that the Pryme One and Two performance levels at nameplate capacity are based on using the non-condensable gases, which is currently not foreseen for Pryme One.

Focus on the construction of additional plants

With the successful completion of Pryme One and the subsequent encouraging start of production, Pryme is broadening its scope and activities. Having done much groundwork on R&D, securing the right feedstock and building capability, lately the focus has been primarily, if not entirely, on completing the construction and commissioning of Pryme One. Having started production, the priorities of the Company will now broaden and focus on three activities: 1) optimizing the Pryme One plant operation, 2) defining and executing the Company's growth strategy and 3) ensuring adequate funding for Pryme's growth strategy. This is the next step in building Pryme as a company that aims to become a major player in the chemical recycling space.

The shift from an almost exclusive focus on getting Pryme One operational to growing Pryme as a company is truly exciting. At the same time it requires additional internal skillsets and resources. The Company has a plan in place for this.

As part of defining and executing the Company's growth strategy, early work has made it possible for Pryme to identify multiple potential future production sites. These include five sites in the Netherlands, Germany, Belgium and in the UK. Pryme's preference is to select brown-field or co-location sites rather than green field undertakings. For two of these sites Pryme has begun activities beyond initial surveying. A feasibility study has been externally contracted for one site and for the other site Pryme has entered into a reservation agreement. Assuming successful initial feasibility studies, the next steps will be to seek and apply for operating permits. Site-independent design and engineering activities will be progressed in parallel. Given the long lead times for constructing new plants, the Company is prioritizing this upfront work in order to capitalize on Pryme's advantaged technical and operational position.

It is Pryme's intention to finalize feasibility studies, obtain permits and conclude on project approvals for two or more plants within the next 12-15 months, obviously depending on adequate funding being obtained. With this in mind, startup of production at Pryme's next plant can be estimated to take place in the second half of 2027.

Change in staffing and organizational expansion

In order to deliver on the broader set of priorities of the Company, Pryme plans to expand its organization and secure the staff resources for developing future sites and building additional plants. Such organizational growth will take place in the technical, operational, project management and commercial areas. Pryme aims to leverage on the skills of the Company's existing staff and bring additional personnel on board where specific expertise or additional capacity is required.

As has been announced in a separate disclosure, Christopher Hervé, Pryme's CEO has given notice. Christopher will stay on board until the end of July 2024 and ensure the proper startup of Pryme One. The Company has initiated a search for a CEO with a search profile that matches the Company's priorities as detailed earlier in this trading update.

Christopher has been instrumental in the construction of and the startup process of Pryme One and will play a key role in the optimization of Pryme One until his departure date. Pryme is very grateful for Christopher's contributions, without which the Company would not have reached the successful startup of Pryme One.

Cash Flow forecast and Liquidity

The Company has estimated the quarterly cash flows until Q2 2025 as per the table below. This assumes a steady ramp up of volumes in Pryme One as well as increasing SG&A costs and 2025 investments in conjunction with the preparation and development of sites for future Pryme plants.

Estimated cash flows (€ million)	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
Net operational CF from Pryme One*	-€ 2.4	-€ 1.0	€ 0.0	€ 0.9	€ 1.2	€ 1.3
Net operational CF SG&A, overhead, site planning	-€ 1.2	-€ 1.3	-€ 1.3	-€ 1.3	-€ 1.2	-€ 1.2
Capex and EPC**	-€ 1.6	-€ 0.9	-€ 0.9	-€ 0.9	-€ 1.2	-€ 1.2
Movements in working capital	-€ 0.9	-€ 0.4	-€ 0.3	-€ 0.2	€ 0.0	€ 0.0
<u>Overall Pryme CF before funding activities</u>	<u>-€ 6.1</u>	<u>-€ 3.6</u>	<u>-€ 2.5</u>	<u>-€ 1.6</u>	<u>-€ 1.1</u>	<u>-€ 1.0</u>
Beginning Cash Balance	€ 8.2	€ 2.1	€ 10.5	€ 8.0	€ 6.4	€ 5.3
CF for the period	-€ 6.1	-€ 3.6	-€ 2.5	-€ 1.6	-€ 1.1	-€ 1.0
Funding activities***		€ 12.0				
<u>Ending Cash Balance</u>	<u>€ 2.1</u>	<u>€ 10.5</u>	<u>€ 8.0</u>	<u>€ 6.4</u>	<u>€ 5.3</u>	<u>€ 4.2</u>
* includes leasing and rental CF including applicable interest						
** In 2024, the Capex and EPC CF relates mostly to Pryme One. In 2025, these costs relate mostly to early investments in Pryme's next plants.						
*** For the purpose of this table, a net funding amount of € 12 million has been used. See the funding section for more background.						

It should be noted that the cash breakeven point for the Pryme One operation is expected to be achieved in the second half of 2024 when the production rate reaches around 40 tons per day. The funding activities line item is further described in the “Funding” section below.

Funding

Pryme estimates that its funding needs amount to around Euro 11-12 million until the Company has finalized concrete plans for its next two or three plants at which time it expects to seek funding for its next plants. By that time the Company estimates, through the Pryme One operation, that it will be operating at a level of more or less cash breakeven including the SG&A overhead. As can be derived from the above estimated cash flows until Q2 2025, the Euro 10-12 million range provides for a buffer of around Euro 2 million at the lower end of the range and, naturally, additional flexibility at the higher end of the range.

The Company's plans to partly fund the Euro 11-12 million by undertaking an unsecured loan of around Euro 5 million with a tenure of around 3½ years. The terms and conditions of such loan have in principle been negotiated and agreed to.

The remainder of the funding need, Euro 6-7 million, is expected to be raised through an equity increase in the form of a private placement (“PP”) in the near term. Expected participants are large existing shareholders and external strategic investors. Based on strong investor interest and their preferences, it is likely that such PP amount may be increased to a higher amount than the Euro 7 million upper end of the Company's funding needs from the PP. Pryme expects to complete such PP before the end of April of 2024.

Conclusion and Summary

Pryme is proud of its achievements to date and the future plans of the Company. The highlights in Pryme's recent achievements and current plans can be summarized as:

- First oil produced in January 2024
- Commencement of phase two of the ramp up plan in February 2024 after successfully running the full production process in continuous operating mode.
- Completion of the renegotiation of a key sales contract.
- Improvement of and further confidence in Pryme's expected economics for its current and future plants.
- Early formulation of a growth ambition and rollout plan with specific site projects to be developed in the near term.
- Pryme expects to raise Euro 11-12 million in order to fund operations and the development of future sites through a combination of equity and debt before the end of April of 2024.

This information is considered to be inside information pursuant to the EU Market Abuse Regulation and is subject to the disclosure requirements pursuant to section 5-12 the Norwegian Securities Trading Act.

This stock exchange announcement was published by René de Graaf, General Counsel of Pryme N.V. on 20 March 2024 at 20:00 CET on behalf of the Company.

Disclaimer: Forward Looking Statements

This trading update (the “Trading Update”) is produced by Pryme N.V. (the “Company” or “Pryme”) and contains several forward-looking statements relating to the business, financial performance and results of Pryme, its subsidiaries and/or the industry in which it operates. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words “believes”, “expects”, “predicts”, “projected”, “plans”, “forecasts”, “estimates”, “anticipated”, “targets”, “will”, “continue” and similar expressions. Forward-looking statements may include statements regarding Pryme’s objectives, goals, strategies, outlook and growth prospects; future plans, events or performance and potential for future growth; liquidity, capital resources and capital expenditures; profit; margin, return on capital, cost targets; economic outlook and industry trends; developments of the Company’s markets; the impact of regulatory initiatives; and the strength of the Company’s competitors. The forward-looking statements contained in this Trading Update, including assumptions, opinions and views of the Company, are based upon various assumptions, including without limitation, management’s examination of historical operating trends, data contained in the Company’s records and other data available from third party sources. Although the Company believes that these assumptions were reasonable when made, the forward-looking statements provided in this report 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. A number of factors can cause actual results to differ significantly from any anticipated development expressed or implied in this Trading Update. No representation is made that any of these forward-looking statements or forecasts will transpire or that any forecasted result will be achieved and the reader is cautioned not to place any undue reliance on any forward-looking statement. Any information obtained from third parties in this Trading Update, if any, has been accurately reproduced and, as far as the Company is aware and able to establish from the information published by such third party, no facts have been omitted that would render the reproduced information to be inaccurate or misleading.

About Pryme

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

The company has initialized production at its first plant in the port of Rotterdam, with an expected nameplate intake capacity of about 40,000 tons of plastic waste annually.

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

Pryme N.V. is listed on the Euronext Oslo Growth market.