



# Consolidated interim report for the period from 1 January to 30 September 2023

of

## Pyrum Innovations AG

Dillingen/Saar

## The Pyrum Group's KPIs at a glance

### Financial position and results of operations

(EUR thousand)

	1 Jan. 2023 - 30 Sept. 2023	1 Jan. 2022 - 30 Sept. 2022
Sales	<b>842</b>	<b>714</b>
Total output	<b>10,722</b>	<b>14,156</b>
Other operating income <sup>1</sup>	<b>456</b>	<b>1,074</b>
EBITDA <sup>2</sup>	<b>-4,975</b>	<b>-3,520</b>
EBITDA (adjusted) <sup>3</sup>	<b>-4,975</b>	<b>-3,235</b>
EBIT <sup>4</sup>	<b>-6,576</b>	<b>-5,524</b>
EBIT (adjusted) <sup>5</sup>	<b>-6,576</b>	<b>-5,239</b>
Net income/loss	<b>-6,853</b>	<b>-5,675</b>

### Net assets

(EUR thousand)

	30 Sept. 2023	31 Dec. 2022
Total assets	<b>49,590</b>	<b>49,857</b>
Equity	<b>25,038</b>	<b>31,891</b>
Equity ratio <sup>6</sup>	<b>50%</b>	<b>64%</b>
Available liquidity	<b>4,410</b>	<b>12,519</b>
Employees <sup>7</sup>	<b>71</b>	<b>63</b>

<sup>1</sup> Includes research grants and subsidies, and R&D services

<sup>2</sup> Consolidated net income for the period before depreciation, amortisation and write-downs, before financial result, before income taxes

<sup>3</sup> 2022 reporting period: adjusted for costs of the secondary listing (EUR 285 thousand)

<sup>4</sup> Consolidated net income for the period before financial result, before income taxes

<sup>5</sup> 2022 reporting period: adjusted for costs of the secondary listing (EUR 285 thousand)

<sup>6</sup> Equity/total assets

<sup>7</sup> Periodic average

## Table of contents

### **The company – operating activities**

Operating activities.....	4
Value chain .....	5
Major shareholders and Group structure as of 30 September 2023 .....	6
Development of economic conditions .....	7

### **Net assets, financial position and results of operations**

Results of operations.....	8
Net assets .....	9
Financial position.....	10
Report on internal and customer projects .....	12
Supplementary report and outlook.....	15

### **Interim consolidated financial statements for the first nine months of 2023**

Consolidated interim balance sheet.....	18
Consolidated income statement .....	20
Consolidated cash flow statement .....	21
Consolidated statement of changes in equity .....	22
Consolidated statement of changes in non-current assets.....	23

### **Other disclosures**

Financial calendar.....	24
-------------------------	----

## Preliminary remark

In this report, we provide information about the business performance of the Pyrum Innovations AG Group in the period from 1 January 2023 to 30 September 2023 and the prospects for future development.

Pyrum Innovations AG has been listed in the Euronext Growth market segment of the Oslo stock exchange since 30 September 2021 and in the Scale market of the Frankfurt stock exchange since 30 March 2022. Neither segment is an organised market as defined by the German Securities Trading Act (WpHG). Pyrum Innovations AG is therefore not a capital market-oriented corporation and is not subject to the special regulations applicable to such corporations.

The information and disclosures in this report have not been audited or reviewed by an auditor.

## THE COMPANY – OPERATING ACTIVITIES

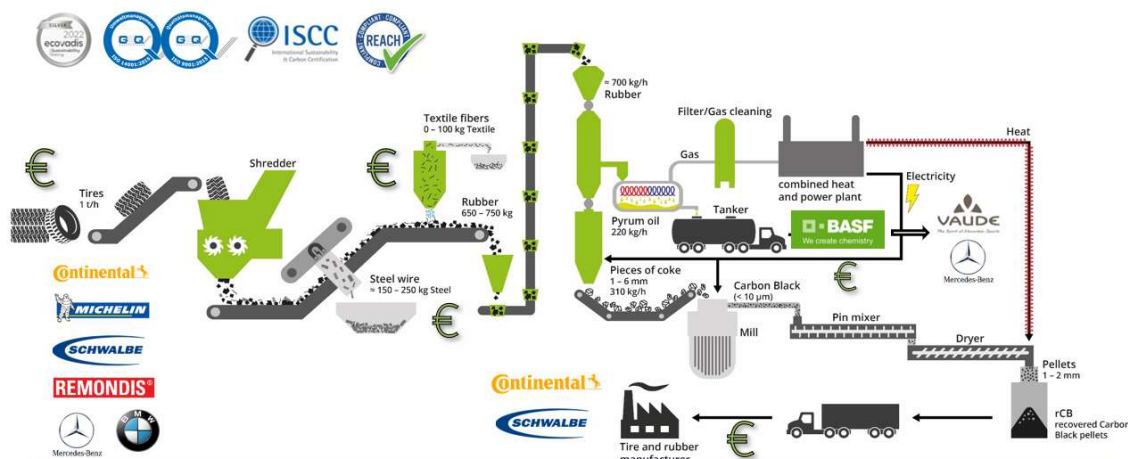
### Operating activities

Pyrum Innovations AG operates with its patented pyrolysis technology in the attractive recycling market for end-of-life tyres. Pyrum's pyrolysis process is largely energy self-sufficient, saves significantly more CO<sub>2</sub> emissions than the recycling processes normally used for end-of-life tyres today according to the Fraunhofer Institute – especially compared with incineration at cement plants – and uses waste as input materials to produce new raw materials such as pyrolysis oil, gas and recovered carbon black (rCB). Pyrum thus closes the recyclable material loop and pursues a sustainable business model.

As a trailblazer, Pyrum Innovations AG became the first company in the end-of-life tyre recycling sector to obtain REACH registration from the European Chemicals Agency (ECHA) for the pyrolysis oil it produces back in 2018. The oil is thus recognised as an official raw material that can be used in production processes. In addition, Pyrum has obtained ISCC+ certification for its pyrolysis oil and rCB. Both products are thus classed as sustainable and renewable raw materials. Based on the ISCC+ certification (since 2021), we can confirm to our customers that the secondary raw materials originate from sustainable production.

These successes have also been recognised by international experts and corporations in the tyre industry. For example, the tyre manufacturer Continental has held an equity interest in Pyrum since the company was first listed in Oslo in 2021 and uses recovered carbon black (rCB) from Pyrum in its Super Elastic solid tyres. BASF, which has held an equity interest in Pyrum Innovations AG since 2020 as part of its ChemCycling project, also uses pyrolysis oil from Pyrum within its production network. Furthermore, Pyrum won in the *Best Tyre Recycling Innovation* category at the inaugural Recircle Awards in 2021 and has been nominated for the 'Grand Prix Mittelstand' by the German state of Saarland on more than one occasion.

## Value chain



This diagram presents an example of how one tonne of tyres is processed. In order to guarantee the product safety and quality of its end products, Pyrum operates its own tyre shredder. The volume flow and the quality of the input materials can thus be managed and monitored in a targeted manner.

The disposal fee that Pyrum receives for accepting the tyres is used to cover the running costs of the shredder.

The proportions of steel, textiles and rubber that are recovered vary depending on whether truck, car or bicycle tyres are being processed. The tyre wire that is recovered can be directly reprocessed into new products at steel plants.

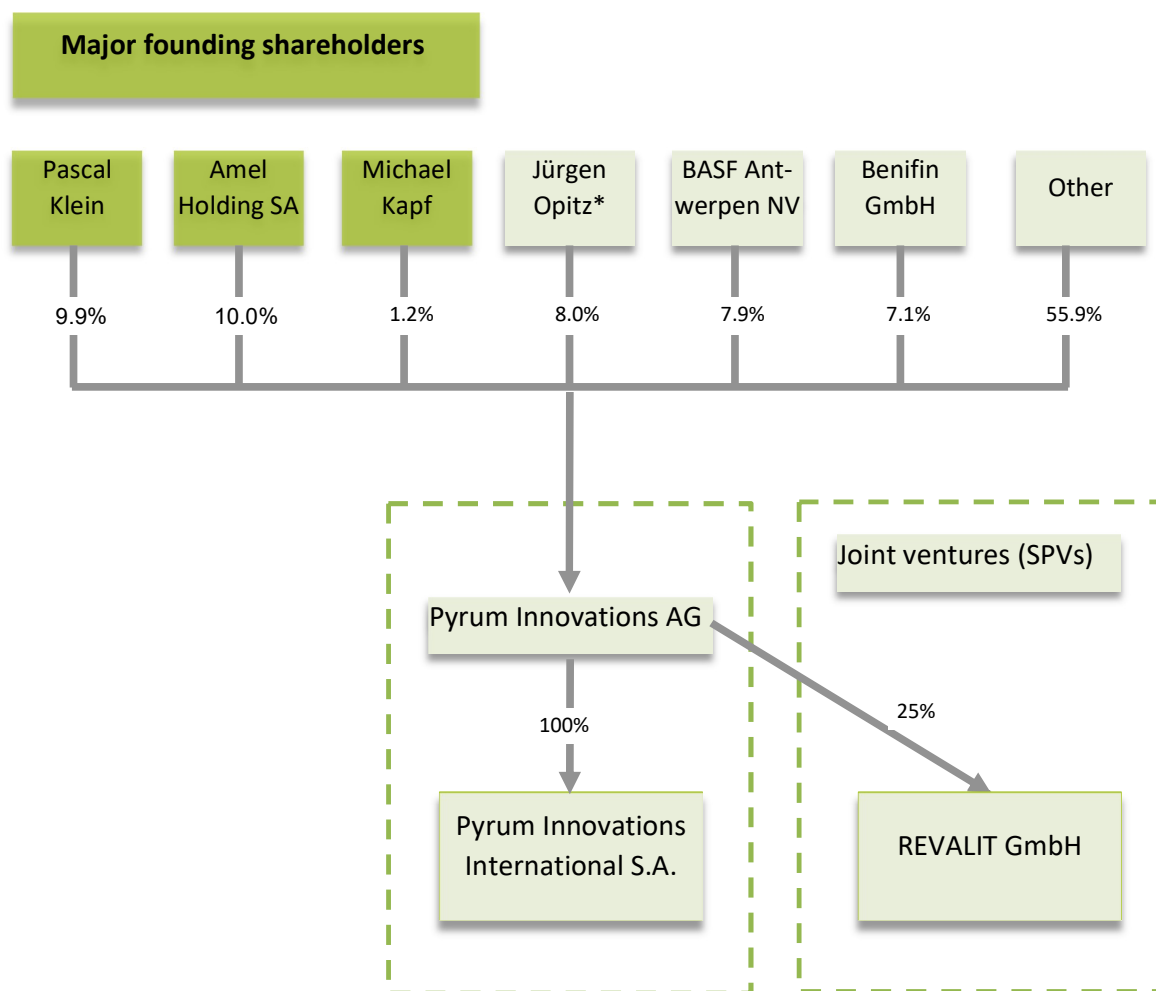
The pyrolysis reactor is energy self-sufficient and operated using electricity generated from the conversion of the pyrolysis gas recovered during the process. More than 150 heat sources thus ensure optimal and controllable distribution of the temperature in the reactor. This is the basis for producing high-quality pyrolysis oil and recovered carbon black (rCB) repeatedly over the long-term.

As there are no moving parts in the reactor, unwanted inflows of oxygen, which can arise in conventional processes such as batch ovens or rotary kilns, are consistently excluded. This serves to guarantee an optimal pyrolysis process.

The waste heat created by the in-house electricity generation can be used for the process to dry the rCB pellets, resulting in an additional CO<sub>2</sub> saving compared with the current recovery mix for end-of-life tyres.

The delivery of the pyrolysis oil to BASF, which manufactures high-quality products from it, and the use of the rCB in tyre production mean that optimal recycling is achieved.

## Major shareholders and Group structure as of 30 September 2023



As of 30 September 2023, approximately 5,300 shareholders were recorded in the share register.

- ▶ Pyrum Innovations AG, based in Dillingen/Saar, Germany, runs the operating business, while Pyrum Innovations International S.A., based in Schengen, Luxembourg, owns the intellectual property and all patents.
- ▶ Pyrum Innovations AG has licensed the intellectual property of Pyrum Innovations International S.A.

\*Including attributable shares

## Development of economic conditions

According to the German Federal Statistical Office (Destatis), gross domestic product (GDP) decreased by 0.1% quarter-on-quarter in the third quarter of 2023 after adjustment for inflation, seasonal and calendar effects.<sup>8</sup> In the second quarter of 2023, GDP adjusted for inflation, seasonal and calendar effects saw moderate growth of 0.1% compared with the first quarter. Having stabilised in the second quarter, consumer spending by private households in particular decreased again in the period from July to September. However, investment in equipment, which encompasses movable assets such as machinery, devices and vehicles, saw positive impetus. Adjusted for inflation and calendar effects, GDP in the third quarter of 2023 was 0.3% lower than in the same period of the previous year.

Inflation – one of the reasons for Germany’s weak economic performance – gradually declined in the third quarter of 2023. Having still amounted to a high level of 6.2% in June, year-on-year inflation decreased slightly to 6.1% in August before falling to 4.5% in September.<sup>9</sup> This was the lowest figure since the outbreak of the war in Ukraine. In particular, the rise in energy prices slowed considerably due to the high prior-year base effect. In September, gas and fuel prices actually fell by 5.3% and 6.0% respectively compared with the same month of the previous year, whereas electricity prices increased by 11.1%.<sup>10</sup>

In the tyre market, more than 1.6 billion new tyres are sold each year around the world.<sup>11</sup> A roughly equal volume of tyres therefore reach the end of their lives, according to the German Federal Environmental Foundation, around 600,000 tonnes per year in Germany alone.<sup>12</sup> In comparison, a standard Pyrum pyrolysis plant with three reactors has a recycling capacity of around 20,000 tonnes of end-of-life tyres per year. At the same time, a feasibility study by Chemnitz University of Technology on behalf of the German Tyre Retail and Vulcanisation Trade Association has found that a deficit is emerging in the available recycling capacity for end-of-life tyres in Germany.<sup>13</sup> This deficit could lead to increased illegal dumping, rising disposal costs and increasing exports of end-of-life tyres. Half of end-of-life and used tyres in the EU are already transported abroad.<sup>14</sup> It is suspected that a large proportion of the export volume is probably incinerated without regulation, which is why organisations such as Allianz Zukunft Reifen (Alliance of Future Tyres, AZuR) are calling for an export ban on end-of-life tyres.<sup>15</sup> Accordingly, demand for the acceptance of end-of-life tyres remains high. At macroeconomic level, the circular economy is garnering increasing public attention.

There is a growing focus on sustainable products in the context of the transition to renewable energy, which is also having an impact on the regulatory framework. For example, the incineration of end-of-life tyres involves costs for CO<sub>2</sub> emissions that are constantly increasing. Pyrum Innovations AG can make a crucial contribution to the desired transformation of the economy through the recycling of end-of-life tyres in the reusable material cycle.

---

<sup>8</sup> Destatis: Press release 420, 30 October 2023

<sup>9</sup> Destatis: Press release 421, 30 October 2023

<sup>10</sup> Destatis: Press release 405, 11 October 2023

<sup>11</sup> BlackCycle Project: Press release, 3 September 2020

<sup>12</sup> German Federal Environmental Foundation: DBU News No. 1 | 2023

<sup>13</sup> Chemnitz University of Technology: New perspectives and fields of application for used tire recycling (2022)

<sup>14</sup> World Business Council for Sustainable Development (WBCSD): Global ELT Management (2019)

<sup>15</sup> Allianz Zukunft Reifen: Press release, 27 June 2023

## NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

This section discusses the interim consolidated financial statements of Pyrum Innovations AG for the period from 1 January to 30 September 2023.

The figures for the reporting period are followed by the respective figures for the same period of the previous year in brackets.

The results and net assets of the Pyrum Innovations AG Group in the first nine months of the year were primarily influenced by the high investments at the company's headquarters in Dillingen/Saar, investments in personnel, the further development of organisational structures and the slow sales growth due to the throughput of the rCB milling and pelletising plant, which is not yet satisfactory in terms of volume.

### Results of operations

The Pyrum Innovations Group generated **sales** of EUR 842 thousand in the first three quarters of 2023. This represents an increase of 18% over the same period of the previous year (EUR 714 thousand).

The **change in inventories of finished goods** and **work in progress** amounted to EUR 52 thousand (EUR 271 thousand). Inventories increased by EUR 87 thousand as a result of engineering services for consulting contracts in particular, whereas inventories of finished and unfinished goods decreased by EUR 34 thousand. In the case of work in progress, the productive operation of the pelletising plant starting in May 2023 enabled part of the rCB stocks to be processed and sold. Despite having improved significantly in the case of individual production periods, milling and pelletising throughput is still falling well short of the target level. As such, alternative marketable options continue to be examined with a view to significantly reducing inventories.

With the plant expansion in Dillingen progressing as planned, **own work capitalised** amounted to EUR 9,828 thousand (EUR 13,171 thousand). The decline corresponds to the reduction in the cost of materials required for the generation of own work as the plant expansion draws closer to completion.

As expected, **total output** decreased year-on-year by EUR 3,434 thousand or 24% to EUR 10,722 thousand (EUR 14,156 thousand) due to a decline in own work.

In the same period of the previous year, **other operating income** was dominated by research grants for the BlackCycle project. Income of EUR 456 thousand (EUR 1,074 thousand) was generated in the first nine months of 2023. This mainly resulted from investment grants of EUR 160 thousand (EUR 7 thousand) and research grants of EUR 122 thousand (EUR 922 thousand).

In addition to raw materials, consumables and supplies for ongoing production operations (EUR 423 thousand), the **cost of materials** includes the materials used in own work capitalised (EUR 7,749 thousand). **Expenses for purchased services** of EUR 1,338 thousand relate almost exclusively to the plant expansion. All in all, the recognised cost of materials fell to EUR 9,633 thousand in the first nine months (EUR 13,068 thousand).

**Personnel expenses** increased by 26% to EUR 3,789 thousand (EUR 2,999 thousand) due to the workforce expansion for the planned growth as well as inflation-related salary adjustments.



**Depreciation and amortisation** decreased to EUR 1,601 thousand (EUR 2,005 thousand) due to the end of depreciation for the first construction phase of the existing plant at Pyrum Innovations AG. At Group level, EUR 652 thousand (EUR 652 thousand) resulted from the amortisation of Pyrum Innovations International S.A.'s patents.

**Other operating expenses** increased slightly to EUR 2,711 thousand (EUR 2,650 thousand). They include current costs of the stock exchange listings of EUR 341 thousand (EUR 204 thousand).

**Interest expenses** increased year-on-year to EUR 279 thousand (EUR 149 thousand). This was due in particular to the fact that the convertible loan has now been disbursed in full, as well as to the additional loan taken out in the current financial year.

The **consolidated net result** for the period was EUR -6,853 thousand (EUR -5,675 thousand).

## Net assets

**Intangible assets** were subject to regular amortisation of EUR 679 thousand in the period under review. The value on the reporting date thus declined to EUR 5,864 thousand (31 December 2022: EUR 6,492 thousand).

**Tangible assets** increased by EUR 9,062 thousand year-on-year to EUR 37,821 thousand (EUR 28,759 thousand). At EUR 9,665 thousand, the plant expansion in Dillingen accounted for the largest share of investments in the current year.

**Financial assets** of EUR 31 thousand relate to the investment in REVALIT GmbH. In the consolidated financial statements, the carrying amount of the investment was further reduced by the pro rata deficit for the first nine months of 2023.

Total **fixed assets** increased to EUR 43,716 thousand (31 December 2022: EUR 35,288 thousand).

**Inventories** rose to EUR 456 thousand in the first nine months (EUR 389 thousand), largely due to the increase in the manufacturing costs of work in progress.

**Trade receivables** climbed slightly to EUR 150 thousand (EUR 147 thousand).

**Other assets** decreased from EUR 1,259 thousand to EUR 579 thousand. These primarily comprise value added tax refund claims. The reduction is the result of optimised internal processes enabling the faster registration of claims, and hence more timely refunds than in the previous year.

At EUR 49,590 thousand, **total assets** were essentially unchanged as against the 2022 annual financial statements (EUR 49,857 thousand).

## Financial position

### Capital structure

The consolidated net loss for the reporting period meant that the Pyrum Group's **equity base** amounted to EUR 25,038 thousand as of 30 September 2023 compared with EUR 31,891 thousand as of 31 December 2022.

Accordingly, the **equity ratio** declined to 50.5% (64.0%).

**Provisions** increased slightly to EUR 3,324 thousand (EUR 3,114 thousand). The provisions in the Group also include provisions for inventor remuneration, which will be utilised only once Pyrum Innovations International S.A. is profitable.

**Liabilities to banks** decreased by EUR 346 thousand to EUR 3,715 thousand as of 30 September 2023 (EUR 4,061 thousand).

Liabilities from **advance payments** increased to EUR 305 thousand (EUR 100 thousand). These include the advance payments made by customers under consulting contracts for the preparation of approval documents.

**Trade payables** fell by EUR 463 thousand to EUR 2,218 thousand (EUR 2,681 thousand).

**Other liabilities** increased by EUR 6,980 thousand to EUR 14,990 thousand as of the reporting date (EUR 8,010 thousand). This included a grant of EUR 1,500 thousand for the creation of new jobs at the Dillingen/Saar site that was disbursed in 2023 but that has not yet been recognised in profit or loss. The increase was also due to the disbursement of the third tranche of the **convertible loan** (EUR 2,000 thousand) in the third quarter of 2023 in accordance with the milestone plan agreed with BASF and the loan of EUR 4,000 thousand that was agreed with BASF in May 2023.

### Liquidity situation

The company continuously monitors the available liquidity and potential investment effects. To preserve liquidity, land purchases are usually refinanced in the long term in order to secure the roll-out planning.

**Cash in hand and bank balances** amounted to EUR 4,618 thousand as of 30 September 2023 (31 December 2022: EUR 12,726 thousand).

The decrease was mainly due to the investments in the expansion of the plant in Dillingen/Saar (EUR 9,665 thousand).

## Cash flow statement

The cash flow statement has been prepared in accordance with the requirements of German Accounting Standard DRS 21. In accordance with the amendment to this standard in June 2023, the payments received from research grants are now shown in the cash flow from operating activities and no longer in the cash flow from financing activities. The previous year's statement was adjusted for better comparability.

In the first nine months of 2023, the **cash flow from operating activities** increased slightly to EUR -4,377 thousand (EUR -4,226 thousand). The payment effect of the increased loss was offset by the reduction in receivables.

The **cash flow from investing activities** decreased significantly from EUR -14,643 thousand to EUR -9,940 thousand. The prior-year figure reflects the investment focus on the expansion of the plant at the Dillingen site.

The **cash flow from financing activities** amounted to EUR 6,209 thousand (EUR 2,522 thousand). This resulted from the payment of EUR 2,000 thousand from the convertible loan and EUR 4,000 thousand from the loan agreement concluded with BASF in the first half of 2023 as well as the payment of the investment grant in the amount of EUR 1,500 thousand, less loan repayments.

The Group companies were able to meet their payment obligations at all times.

## Report on internal and customer projects



### *Development at the main facility in Dillingen/Saar*

Please refer to the 2022 annual report for a detailed description of the construction progress of individual plant components.

The section below outlines the construction progress of the plant expansion in Dillingen in the second half 2023 financial year, including the current status.

The hot commissioning of reactors 2 and 3 at the main facility in Dillingen/Saar was successfully launched in late October 2023. The first warm-up of reactor 2 took place in early November. This involved starting up the reactor and heating it to the production temperature of around 650°C for the first time. It was then fed with granulate and the dosing system was successfully tested, allowing the first pyrolysis oil to be produced in small quantities.

After the initial warm-up, the reactor was shut down again in a controlled manner. After continuous test operation begins, the throughput of the first new line will be gradually ramped up to 75%. All of the experience gained from line 2 will then be transferred to line 3, with the latter also being ramped up to 75% throughput as quickly as possible. Both lines will then be gradually ramped up to 100%. The entire process up to full capacity utilisation will be carried out as quickly as possible but may take several months, as is usual for plants of this size.

An additional, second milling technology (jet mill) will be used for the plant extension in Dillingen in the future. The new jet mill for TAD 2 and 3 was ordered in April 2023. The pelletisation from this additional plant is in the engineering phase.

## ***Current (customer) projects in plant construction***

At the same time as the new construction at its own site, Pyrum's team is also working on planning for several new plant construction projects to advance the roll-out of the patented technology and create additional recycling capacity at additional sites in the short and medium term. As the pipeline is now well filled with concrete projects, the acquisition of new projects is being postponed for the time being. Over the coming months, activities will initially focus on initiating and conducting the respective approval procedures.

### ***Own plant in Saarland***

Since mid-February 2023, Pyrum Innovations AG has been pursuing the project of a new Pyrum-owned plant in Homburg an der Saar. The company has received a great deal of support in this regard from local and state politicians as well as the state development agency.

However, in the course of the preparation of the approval documents and the detailed examination of all site-specific requirements, it became apparent that water protection requirements for the site would lead to additional investment, which would represent a considerable expense and jeopardise the economic viability of the site.

The categorisation of the site would have to be changed at a federal level, which does not appear to be possible in the near future despite strong support from local and state politicians. The Management Board of Pyrum Innovations AG therefore decided in November 2023 that it is currently not economically viable to pursue the construction of a plant on this site.

As Pyrum is already actively looking for suitable sites for its own and customers' next plants, the company has already started the further development of one of the sites assessed as suitable in this process in parallel to the evaluation for the site in Homburg / Saar. This now makes it possible to press ahead with the project for a second own plant site without any major delays, also because the new site that has now been prioritised is also located in Saarland. Pyrum will present the plant construction project to the relevant municipal council in November 2023.

Most of the preparatory and planning work carried out to date can continue to be utilised. Thanks to its access to waterways, railways and motorways, the alternative site is in a very good logistical location.

The aim remains to submit the licence application in the short term and to break ground in the first half of 2024.

### ***Czech Republic***

In early October, Pyrum Innovations AG signed a consulting contract relating to the construction of a new Pyrum pyrolysis plant in Czechia with a subsidiary of a Czech energy group in order to prepare the approval procedure for the tyre recycling plant and submit the building application. Scheduled to start operations in 2025, the new plant will have a capacity of 20,000 tonnes of end-of-life tyres per year and is being built near the Czech border with Germany. The Czech partner, which is active in the field of energy and the circular economy, already operates a power plant on the site and thus possesses a gas turbine that will convert the pyrolysis gas into electricity. This means the planning and implementation of the new plant can benefit from synergies and the existing structures.

The new plant will be constructed and operated by a joint venture (special purpose vehicle, SPV) in which Pyrum is expected to hold an equity interest of 30%. Under the consulting contract, Pyrum will deliver the basic engineering and some of the approval documentation for the new plant. The site also offers ample space for future capacity expansions. With this in mind, the size of the plant has already been designed to allow recycling capacities to be doubled by 2027.

### ***Greece ("Thermo Lysi SA")***

In the third quarter of 2023, Pyrum Innovations AG signed a contract for the planning of a new plant in Greece. Pyrum has been commissioned to perform all of the necessary planning for the submission of the required documentation under Greek law for the building and operating permits for the new plant. The plant of the Greek project company Thermo Lysi SA is to be constructed some 140 km north of Athens. It will have a capacity of 20,000 tonnes of end-of-life tyres per year and will thus be able to cover almost half of the total amount of end-of-life tyres in Greece. The country produces about 45,000 tonnes of end-of-life tyres per year. The new plant will help to recycle these end-of-life tyres in a sustainable way and recover valuable resources. Pyrum is expected to hold an equity interest of 15% in the project company.

The location of the prospective plant is already the site of an existing tyre recycling plant. The site on which the new plant will be built offers ample space for additional capacity expansion in future.

Under the consulting contract, which has already been paid for, Pyrum is currently working with Thermo Lysi to prepare the amendment request for the existing approval for this location, which is based on a different pyrolysis technology.

### ***REMONDIS – Bremen***

In mid-November, Pyrum and the recycling company REMONDIS initiated the planning phase for a joint Pyrum plant for recycling end-of-life tyres by signing a letter of intent. The plant will be located on a site in the Bremen port area owned by Weserport GmbH, a subsidiary of the REMONDIS affiliate Rhenus. It will have a recycling capacity of 20,000 tonnes of end-of-life tyres per year from which the raw material carbon black will be recovered. Pyrum intends to begin preparing the necessary approval documents for the construction of the plant in the coming weeks ahead of their planned submission in the first half of 2024. The investment volume for the new plant is around EUR 40,000 thousand. The site is expected to be available for the planned development from the second quarter of 2025. Assuming the investment is approved by all of the parties, it is expected that Pyrum will hold an equity interest of 33% in the SPV.

### ***UNITANK***

The memorandum of understanding (MoU) entered into with UNITANK Betriebs- und Verwaltungs GmbH in September 2022 envisages the realisation of up to ten joint plants until 2030. The suitability of the site for what could be the first joint project in Thuringia is currently being carefully examined, and discussions have already been held with local government representatives and utility companies in order to coordinate the site-specific features that will need to be taken into account and to ensure the supply to the public grid in the required extent at an early stage. In collaboration with our partner UNITANK, extensive preliminary work is already in progress at the project level for pre-engineering, the drafting of a business plan and preparations for the planned future ownership structure for a



potential joint venture for building and operating a plant. At the same time, UNITANK is already holding discussions with future suppliers for the tyre input and with potential customers for the end products.

### **REVALIT GmbH**

The management of REVALIT GmbH, in which Pyrum holds a 25% equity interest, is currently examining funding options and the suitability of newly available sites/locations.

### **Other projects**

In addition to the projects described above, Pyrum Innovations AG has an extremely well-filled pipeline of attractive projects in their early stages, such as the potential construction of a plant in the UK with SUEZ and other projects in Germany and Europe.

## **Supplementary report and outlook**

### **Significant events after 30 September 2023**

On 15 November 2023, Pyrum Innovations AG and BASF Antwerpen NV signed a new cooperation agreement providing for a loan with an initial volume of EUR 25 million to be drawn down in tranches. The loan is tied to certain conditions (e.g. orders from long leads) and will serve as start-up financing for the realisation of Pyrum Innovations AG's current project pipeline to 2026. In addition, BASF will provide a further EUR 25 million as a loan to Pyrum on the condition that Pyrum secures additional financing of EUR 50 million, e.g. via the capital markets in the form of corporate bonds, via loans or in the form of investments from partners of jointly planned plants.

The object of the agreement is the planning, project development and construction of at least three new plants, each with an annual capacity of 20,000 tonnes of end-of-life tyres, using the funds provided. In particular, Pyrum plans to use the funds for the construction of an additional plant in Saarland as well as for the equity contribution and co-financing of up to five of the projects announced in recent months with financially strong partners. The aim of Pyrum and BASF is to significantly expand production capacities for the Pyrum technology.

A consulting contract relating to the planning of a new Pyrum plant with a processing capacity of 20,000 tonnes of end-of-life tyres in Czechia was concluded in October 2023.

A letter of intent on the planning of a new Pyrum plant with a processing capacity of 20,000 tonnes of end-of-life tyres in Bremen was signed with REMONDIS in November 2023.

These new projects are described in greater detail in the "(Customer) projects" section.

## Risks and opportunities

The identification of risks and opportunities and the introduction of measures to contain risks are a core issue for corporate governance.

There were no material changes in the assessment of opportunities and risks in the reporting period compared with the preparation date of the 2022 annual and consolidated financial statements. Please refer to the 2022 annual report for detailed opportunity and risk assessments.

### *Overall assessment of the risk and opportunity situation*

There are currently no risks that pose a threat to the company as a going concern. The business opportunities outweigh the potential risks.

## Future economic conditions

In its most recent outlook dated October 2023, the International Monetary Fund (IMF) expects global economic growth to remain muted in 2023 at 3.0%.<sup>16</sup> Growth amounted to 3.5% in 2022 and the historical average is considerably higher at 3.8%. The IMF also expects global inflation to continue to decline on the back of monetary policy tightening and lower commodity prices. Its projections are increasingly consistent with a soft-landing scenario in which inflation is lowered without a major downturn in economic activity. However, the macroeconomic situation is fragile. In particular, the instability of the financial markets and the further escalation of geopolitical conflicts continue to be significant risk factors.

The IMF is forecasting a slight increase in gross domestic product of 0.7% for the euro area for 2023 as a whole compared with the previous year. With regard to Germany's economic performance, the IMF now expects economic output to decline by 0.5%, having initially assumed in January 2023 that output would experience slight growth of 0.1%. The current forecast is also down a further 0.2 percentage points compared with the July outlook. Deutsche Bundesbank also anticipates a 0.3% decline in German GDP and an inflation rate of 6.0% for 2023.<sup>17</sup>

## Outlook for Pyrum Innovations AG and the Group in 2023

The outlook for 2023 was described in detail in the Annual Report 2022, which is referred to here. This section describes the relevant expectations of management for the final quarter of this year.

Pyrum's focus in the fourth quarter of 2023 will be on the hot commissioning of the new plants (TAD 2 and TAD 3) in Dillingen/Saar, the preparation of approval documents for the consulting contracts that have already been signed and the new site that is planned in Saarland, as well as the continued implementation of the targeted financing structure.

---

<sup>16</sup> IMF: World Economic Outlook Update October 2023

<sup>17</sup> Deutsche Bundesbank: Press release, 16 June 2023



Now that the start-up financing for the next Pyrum-owned plant planned in Saarland has been secured and the plant components with foreseeable long delivery times are to be ordered in the first quarter of 2024, Pyrum's Management Board is working intensively on the development of the new plant site in Saarland. The focus here is to continue the active dialogue with the relevant authorities and political decision-makers. Further financing steps are already being prepared or planned for the complete funding of the plant planned in Saarland, which is required by the end of 2024 according to the project plan.

The company is satisfied with the success achieved so far regarding the commissioning of the new pyrolysis plant, but the monetary results of production operations remain unsatisfactory. The throughput volumes of the milling and pelletising plant need to improve further.

Based on the current situation, achieving the sales targets for 2023 at the lower end of the forecast set out in the Combined Management Report for 2022 (EUR 1.8 million to EUR 2.5 million) is no longer possible. We now expect to generate full-year sales of between EUR 1.1 million and EUR 1.5 million. The upper end of this range is achievable if the consulting contract with Thermo Lysi S.A. is completed quickly. At between EUR 13 million and EUR 15 million, the expectations for full-year 2023 in terms of total output are now also lower than the forecast published in the Combined Management Report for 2022 (EUR 14 million to EUR 16 million).

#### **Pyrum Innovations AG**

Dillingen/Saar, 23 November 2023



Pascal Klein  
CEO



Michael Kapf  
Member of the  
Executive Board



Kai Winkelmann  
CFO

## INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST NINE MONTHS OF 2023

### Consolidated interim balance sheet as of 30 September 2023

ASSETS (in €)	30 Sep 2023	31 Dec 2022
<b>A. Non-current assets</b>		
I. Non-current intangible assets		
1. Self-created rights and similar intangible assets	63,254.00	78,236.00
2. Acquired rights and licences in such rights	5,740,519.79	6,394,276.79
3. Intangible assets under development	60,535.33	19,734.13
	<u>5,864,309.12</u>	<u>6,492,246.92</u>
II. Property, plant, and equipment		
1. Land and buildings	3,978,438.84	4,009,216.84
2. Technical equipment and machinery	4,221,508.32	3,449,205.32
3. Other equipment, operating and office equipment	1,104,508.00	1,272,559.00
4. Advances paid and assets under construction	28,516,748.85	20,027,994.92
	<u>37,821,204.01</u>	<u>28,758,976.08</u>
III. Non-current financial assets		
Shares in associates	30,921.62	36,921.62
<b>Total non-current assets</b>	<b>43,716,434.75</b>	<b>35,288,144.62</b>
<b>B. Current assets</b>		
I. Inventories		
1. Raw materials and supplies	38,037.63	23,000.00
2. Work in progress	156,500.00	69,700.00
3. Finished and unfinished goods	207,159.68	241,640.38
4. Advance payments made	54,270.00	54,270.00
	<u>455,967.31</u>	<u>388,610.38</u>
II. Receivables and other current assets		
1. Trade receivables	150,314.11	146,728.46
2. Other current assets	578,923.90	1,258,986.39
	<u>729,238.01</u>	<u>1,405,714.85</u>
III. Cash at hand and in bank	4,617,581.01	12,725,508.05
<b>Total current assets</b>	<b>5,802,786.33</b>	<b>14,519,833.28</b>
<b>C. Deferred expenses</b>	<b>70,871.37</b>	<b>49,389.85</b>
<b>Total assets</b>	<b>49,590,092.45</b>	<b>49,857,367.75</b>

## Consolidated interim balance sheet as of 30 September 2023

EQUITY AND LIABILITIES (in €)	30 Sep 2023	31 Dec 2022
<b>A. Equity</b>		
I. Subscribed Capital	3,253,735.00	3,253,735.00
II. Capital Reserves	52,058,141.06	52,058,141.06
III. Accumulated Losses	-30,274,030.08	-23,420,539.29
<b>Total Equity</b>	<b>25,037,845.98</b>	<b>31,891,336.77</b>
<b>B. Provisions and Accrued Liabilities</b>		
Other provisions and accrued liabilities	3,323,760.68	3,113,897.55
<b>C. Liabilities</b>		
1. Liabilities to banks	3,715,044.71	4,060,778.08
2. Advance payments received	305,357.37	100,000.00
3. Trade payables	2,217,723.91	2,681,088.24
4. Other liabilities	14,990,359.80	8,010,267.11
<b>Total liabilities</b>	<b>21,228,485.79</b>	<b>14,852,133.43</b>
Total equity and liabilities		
	49,590,092.45	49,857,367.75

## Consolidated interim income statement for the first nine months 2023

	1 Jan - 30 Sep 2023 €	1 Jan - 30 Sep 2022 €
1. Revenues	841,656.12	713,957.38
2. Increase of finished and unfinished goods	52,319.30	270,509.06
3. Other own work capitalised	9,828,162.80	13,171,330.53
<b>4. Total output</b>	<b>10,722,138.22</b>	<b>14,155,796.97</b>
5. Other operating income	456,334.80	1,074,334.63
6. Expenses for materials		
a) Expenses for raw materials and supplies	8,172,965.29	12,319,477.52
b) Expenses for purchased services	1,460,272.94	748,287.06
	9,633,238.23	13,067,764.58
7. Personnel expenses		
a) Wages and salaries	3,221,274.64	2,534,891.04
b) Social security contributions and expenses for pension provision and assistance	568,001.27	463,925.49
	3,789,275.91	2,998,816.53
8. Depreciation, amortisation and write-downs of intangible non-current assets and property, plant, and equipment	1,601,235.23	2,004,527.27
9. Other operating expenses	2,710,701.22	2,650,292.12
10. Other interest and similar income	7,655.82	182.40
11. Interest and similar expenses	278,941.30	148,859.99
12. Cost of equity valuation of associates	6,000.00	2,000.00
<b>13. Result after taxes</b>	<b>-6,833,263.05</b>	<b>-5,641,946.49</b>
14. Other taxes	20,227.74	32,925.30
<b>15. Net loss for the period</b>	<b>-6,853,490.79</b>	<b>-5,674,871.79</b>
16. Loss carried forward from the previous year	-23,420,539.29	-15,612,428.62
<b>17. Balance sheet loss</b>	<b>-30,274,030.08</b>	<b>-21,287,300.41</b>

## Consolidated cash flow statement for the first nine months 2023

	1 Jan - 30 Sep 2023 €	1 Jan - 30 Sep 2022 €
Net income/loss for the period	-6,853,491	-5,674,872
Depreciation, amortisation of non-current assets / reversals of write-downs of non-current assets	1,601,235	2,004,527
Increase/decrease in provisions	213,385	178,343
Other non-cash expenses/income	6,000	2,000
Increase/decrease in inventories, trade receivables and other assets not related to investing or financing activities	587,466	-918,889
Increase/decrease in trade payables and other liabilities not attributable to investing or financing activities	-67,218	-240,784
Profit/loss from the disposal of non-current assets	13,858	-9,999
Interest expenses/income	271,286	148,677
Other income and expenses not attributable to cash flow from operating activities	-149,921	285,330
<b>Cash flow from operating activities</b>	<b>-4,377,400</b>	<b>-4,225,667</b>
Proceeds from disposals of intangible assets	5,000	10,000
Payments for investments in intangible non-current assets	-50,823	-4,004
Payments for investments in property, plant and equipment	-9,894,674	-14,599,446
Payments for investments in financial assets	0	-50,000
Interests received	442	182
<b>Cash flow from investing activities</b>	<b>-9,940,055</b>	<b>-14,643,268</b>
Proceeds from short- or long-term (financial) loans	6,000,000	2,800,000
Payments from the redemption of (financial) loans	-1,015,396	-458,188
Proceeds from grants/subsidies received	1,500,000	584,961
Payments in connection with expenses for the private placement and the capital increase and for the second listing	0	-285,330
Interests paid	-275,250	-119,174
<b>Cash flow from financing activities</b>	<b>6,209,354</b>	<b>2,522,269</b>
<b>Net change in cash funds</b>	<b>-8,108,101</b>	<b>-16,346,666</b>
Cash funds at beginning of period	12,518,505	34,239,010
<b>Cash funds at end of period</b>	<b>4,410,404</b>	<b>17,892,344</b>

### Consolidated statement of changes in equity as of 30 September 2023

	Subscribed capital	Capital reserve			Total reserves	Consolidated loss carried forward	Consolidated net loss	Consolidated balance sheet loss	Total group equity
		according to § 272 Para. 2 No. 1 - 3 HGB	according to § 272 Para. 2 No. 4 HGB	Total					
	€	€	€	€	€	€	€	€	€
<b>As of 1 January 2022</b>	<b>3,253,735.00</b>	<b>43,815,165.06</b>	<b>8,242,976.00</b>	<b>52,058,141.06</b>	<b>52,058,141.06</b>	<b>-7,261,100.97</b>	<b>-8,351,327.65</b>	<b>-15,612,428.62</b>	<b>39,699,447.44</b>
Allocation to/withdrawal from reserves						-8,351,327.65	8,351,327.65		0.00
Net loss for the period							-5,674,871.79	-5,674,871.79	-5,674,871.79
<b>As of 30 September 2022</b>	<b>3,253,735.00</b>	<b>43,815,165.06</b>	<b>8,242,976.00</b>	<b>52,058,141.06</b>	<b>52,058,141.06</b>	<b>-15,612,428.62</b>	<b>-5,674,871.79</b>	<b>-21,287,300.41</b>	<b>34,024,575.65</b>
<b>As of 1 January 2023</b>	<b>3,253,735.00</b>	<b>43,815,165.06</b>	<b>8,242,976.00</b>	<b>52,058,141.06</b>	<b>52,058,141.06</b>	<b>-15,612,428.62</b>	<b>-7,808,110.67</b>	<b>-23,420,539.29</b>	<b>31,891,336.77</b>
Allocation to/withdrawal from reserves						-7,808,110.67	7,808,110.67		0.00
Net loss for the period							-6,853,490.79	-6,853,490.79	-6,853,490.79
<b>As of 30 September 2023</b>	<b><u>3,253,735.00</u></b>	<b><u>43,815,165.06</u></b>	<b><u>8,242,976.00</u></b>	<b><u>52,058,141.06</u></b>	<b><u>52,058,141.06</u></b>	<b><u>-23,420,539.29</u></b>	<b><u>-6,853,490.79</u></b>	<b><u>-30,274,030.08</u></b>	<b><u>25,037,845.98</u></b>

## Consolidated Gross Statement of Changes in Non-current Assets as of 30 September 2023

	1 January 2023	Acquisition and production costs			30 September 2023	Cumulative depreciation and amortisation				Book value	
		Additions	Disposals	Reclassifications		1 January 2023	Additions	Disposals	30 September 2023	30 September 2023	31 December 2022
	€	€	€	€	€	€	€	€	€	€	€
<b>I. Non-current intangible assets</b>											
1. Self-created rights and similar intangible asset:	99,875.19	0.00	0.00	0.00	99,875.19	21,639.19	14,982.00	0.00	36,621.19	63,254.00	78,236.00
2. Acquired rights and licences in such rights	7,522,152.76	10,022.00	0.00	0.00	7,532,174.76	1,127,875.97	663,779.00	0.00	1,791,654.97	5,740,519.79	6,394,276.79
3. Intangible assets under development	19,734.13	40,801.20	0.00	0.00	60,535.33	0.00	0.00	0.00	0.00	60,535.33	19,734.13
	<b>7,641,762.08</b>	<b>50,823.20</b>	<b>0.00</b>	<b>0.00</b>	<b>7,692,585.28</b>	<b>1,149,515.16</b>	<b>678,761.00</b>	<b>0.00</b>	<b>1,828,276.16</b>	<b>5,864,309.12</b>	<b>6,492,246.92</b>
<b>II. Property, plant, and equipment</b>											
1. Land and buildings	4,112,288.69	41,549.64	0.00	0.00	4,153,838.33	103,071.85	72,327.64	0.00	175,399.49	3,978,438.84	4,009,216.84
2. Technical equipment and machinery	9,771,991.80	19,980.12	0.00	1,302,110.95	11,094,082.87	6,322,786.48	549,788.07	0.00	6,872,574.55	4,221,508.32	3,449,205.32
3. Other equipment, operating and office	2,067,782.75	151,165.52	31,000.00	0.00	2,187,948.27	795,223.75	300,358.52	12,142.00	1,083,440.27	1,104,508.00	1,272,559.00
4. Advances paid and assets under construction	20,027,994.92	9,790,864.88	0.00	-1,302,110.95	28,516,748.85	0.00	0.00	0.00	0.00	28,516,748.85	20,027,994.92
	<b>35,980,058.16</b>	<b>10,003,560.16</b>	<b>31,000.00</b>	<b>0.00</b>	<b>45,952,618.32</b>	<b>7,221,082.08</b>	<b>922,474.23</b>	<b>12,142.00</b>	<b>8,131,414.31</b>	<b>37,821,204.01</b>	<b>28,758,976.08</b>
<b>III. Non-current financial assets</b>											
Shares in associates	50,000.00	0.00	0.00	0.00	50,000.00	13,078.38	6,000.00	0.00	19,078.38	30,921.62	36,921.62
	<b>43,671,820.24</b>	<b>10,054,383.36</b>	<b>31,000.00</b>	<b>0.00</b>	<b>53,695,203.60</b>	<b>8,383,675.62</b>	<b>1,607,235.23</b>	<b>12,142.00</b>	<b>9,978,768.85</b>	<b>43,716,434.75</b>	<b>35,288,144.62</b>

## OTHER DISCLOSURES

### Financial calendar 2023

27-29 November                      German Equity Forum, Frankfurt

### Financial calendar 2024

18 January                              Pareto Power & Renewable Energy Conference, Oslo

#### Investor Relations

Kai Winkelmann  
Pyrum Innovations AG  
E-mail: [presse@pyrum.net](mailto:presse@pyrum.net)

Dariusch Manssuri, Frederic Hilke  
IR.on AG  
Tel.: +49 221 9140-970  
E-mail: [pyrum@ir-on.com](mailto:pyrum@ir-on.com)

#### Legal notice

Pyrum Innovations AG  
Dieselstrasse 8  
66763 Dillingen/Saar  
Germany