

Investor podcast Q2 2026 - Transcript

Introduction:

Michelle Schaller:

Hello and welcome to the second episode of our Investor Podcast. Thank you for joining us today. My name is Michelle Schaller, and once again, I have the pleasure of speaking with Pascal Klein, CEO and Founder of Pyrum Innovations AG, about the latest developments surrounding Pyrum. Hello, Pascal.

Pascal Klein:

Hello, Michelle. Thanks for the nice introduction, and hello to all our shareholders and everyone who is interested in Pyrum and what's new. I'm sorry that we haven't had so many press releases over the last few weeks, but I can tell you it's not because there is no news. We have a lot of news and a lot of work. It's mainly because we're in a very busy period right now that things have been a little quieter around us. But we are going to change that. In this podcast, you'll get all the news you want to hear—I hope so. Michelle has prepared some questions, so I would say, Michelle, it's on you. Ask me what everybody wants to know.

Question #1:

Michelle Schaller:

Thank you. Let's start with a topic that many investors have been following for the last months, the milling and pelletizing plant. Can you give us an update on where the project currently stands, when the modification work is expected to take place and what impact it have on going forward?

Pascal Klein:

Yeah. Allow me to answer the question a little bit wider I'll tell you what is new and what has happened at the plant in Dillingen over the last few months. You all know that the plant is composed of four plants. The first plant - the shredding plant - is running perfectly well. We are doing some smaller improvements, but that is really fine-tuning the details. Getting the last percentage out of it, pushing it over the limits and improving the maintenance.

The Pyrum unit, the reactors is quite the same as the shredder. It's running on a daily basis, perfectly smooth and fine. And we are optimizing the last little details. But I have to say there will always be small details that you can optimize even in three years from now. It will always be things that you can do better.

The same is for the power plant. It's also running fine. It has some stops, but that is not very often. I would say once or twice per month we have a small stop of an hour, but that's negligible. That's not really much to say about it.

Now everybody wants to know what is about the mill and pelletizer. You all know that it should have been finished by the end of last year. It was finished by the end of last year, but it was not performing as expected. The performance of a plant depends on three factors, and I would like to explain what these three factors are and how important they are. The most important factor is product quality. The most important factor is product quality. If you have a process that produces a product you

cannot sell, or the product quality is poor, then the whole process is worthless. So the most important thing is to have an end product that is sellable and meets the quality requirements of the customers. We have now finally achieved that with the mill and pelletizer in Dillingen, and I would say that is around 50 to 60% of the whole game. If you have that, you've almost won the race.

The second most important thing in such a project is reliability. That means the plant performs the same way every day. You turn it on every day and it produces the same product on a daily basis, enabling stable serial production. Once you achieve that, 90% of the way is done. That's where we are now. The plant is running on a daily basis with a stable product and this has been audited and certified by Continental during its audit in May, what we also have published. You have to know that this is one of the most important milestones we had achieved over the last few months, I would even say over the last year. Because now, the entire Pyrum plant is running from A to Z on a stable daily basis, producing stable end products: stable oil, stable gas, stable energy, and stable recovered Carbon Black (rCB).

The last 10% that are missing is the quantity of rCB, that comes out at the end. But I would say that's not rocket science anymore. It is just about increasing volume. The mill and the pelletizer can reach the required volume, but in order to achieve product stability and get the serial production ready, we had to reduce the throughput of the conveying system between the mill and pelletizer. It's easy to explain. If you have one conveying system that can only transport 750 kilograms per hour, then the whole plant can only produce 750 kilograms per hour. If you add two additional conveying systems, you have three times 750 kilograms per hour, meaning you can triple the volume. That's what we are doing now in summer. We are adding two additional conveying tubes between the mill and pelletizer and then we should easily reach the volume that we have targeted. The important thing that all investors, customers, and banks wanted to see was that we are able to produce the product, achieve the target price, and prove that someone is willing to buy it. We achieved this in May together with Schwalbe and Continental and that was the milestone that we had to be reached.

Question #2:

Michell Schaller:

Thank you for the update. Let's move on to Perl Besch. The groundbreaking ceremony took place in November 2025. Now the progress is slower than expected. Do you have an explanation? What are the reasons for that?

Pascal Klein:

Yeah, so the first reason is that nobody is ready to provide the money - not the investors, not the customers and not the bank - if the plant in Dillingen has not been proven. It took until May this year to prove that every step of the process in Dillingen works. Since we achieved that and since the audit of Continental, everything speed up again. The banks reactivated everything and our customers did the same. Let's say we had a quiet period in the first quarter in order to get everything done on the mill and pelletizer. Now that this is done, the projects are taking enormous speed. But we didn't waste that time. But we didn't waste that time. Once we realized that it would take until April to complete all the modifications to the mill and pelletizer and achieve stable production, we decided in February to do something called "value engineering" on the existing Pyrum plant in

Dillingen. This means we took the whole knowledge of the last years and redesigned the plant to make it cheaper on the one hand and on the other hand, quicker to build. That is something we wanted to do since years and we have done it now. We have advanced that in our planning and it helps us a lot in Perl Besch. I'm not saying that the plant will be cheaper than it was planned, but it helps us enormously to stay in budget. Everybody knows that over the last few years prices went up extremely due to war, energy price increases etc. With the value engineering we are able to counter these increases, stay within the budgets, and if we are lucky, even to reduce prices a little bit. The second goal is that we need to build the plants quicker. That can be done by not building everything on the building side, by pre building more things in the factories so that you have a plug and play system that you just put together modules on the building side and that has also been done since February. We expect now the value engineering to be completely done until end of June. Then we can order the parts for Perl Besch and for the other projects once the purchase contracts are signed.

Question #3:

Michelle Schaller:

Will these experiences also help further projects like in Greece or in Czech Republic.

Pascal Klein:

Yeah, sure. Let's start with the Czech Republic. There were two things. First, both the customer and the bank were waiting for the results from the mill and pelletizer in Dillingen. That is done since May. The plan had been to sign the financing agreement at the beginning of the year. But, as is sometimes the case with banks, Pyrum was not fully involved in the financing discussions. The project in Czech Republic is a joint venture between SUAS and Pyrum. We own 49%, SUAS owns 51%. We bring in the technology, the patents and our know-how, they bring in the building side and the financing. Therefore, it was mainly SUAS's responsibility to negotiate with the banks and secure the financing. From the very beginning, it had been agreed that neither Pyrum nor SUAS would have to provide unlimited financial guarantees for the plant. However, at one point the bank suddenly requested exactly that. This would mean that Pyrum would have been held responsible for everything - even for the shredder or the mill and pelletizer which we are not building - and for unlimited amounts, all within two weeks. I think every shareholder can understand that we as board of directors could not accept that. It would be too risky for the company and could have had severe financial consequences if anything had gone wrong in the Czech Republic. Until April this year, we had a many discussions and made several proposals to the bank but we finally found a solution that everybody can live with. Now we are in a situation that everything is clear. The contracts now need to be finalized, and the first drafts are already on the table. We need board decisions on SUAS side, we need a board decisions on Pyrum side. Some of these have been already taken, some of them will be taking the next weeks. I'm very confident and optimistic that we will soon start in Czech Republic. I mean we are already started there. SUAS and Pyrum have already invest money and work at the building site is already underway. The groundwork has begun, so I would say there is no way back. As for Greece it's a similar situation. The investors, the banks, everybody was waiting for the results from the mill and pelletizer which we have had since May. Now it took a lot of speed there. The manufacture of the mill and pelletizer, Hosokawa, is now also able to provide offers for the future plants, which was not possible before we had finalized the solution in Dillingen. For the project,

quotations are currently being collected for all locally sourced work, including road construction, steel structures, and civil engineering. The same applies to the milling, shredding, and pelletizing equipment. The goal in Greece is to have all quotation on the table so that orders can be placed by the end of Q3 or the beginning of Q4. Therefore the Greek partner has hired a local EPC contractor to do it. As you can imagine, over the last few years Pyrum built one plant in Dillingen. Now we are simultaneously executing three plants in parallel, plus the new UNITANK project in Emleben. So, as you can see, we are extremely busy.

Question #4:

Michelle Schaller:

Thank you for the insights. Now Pyrum exists since 2008 and the TAD1, the first reactor, exists like over ten years. There are now plans for a redesign, a retrofit of the first reactor. Is it necessary and does it have any effects on other projects, on other reactors in the future?

Pascal Klein:

I have read this question many times in forums in the Internet. I think there has been a misunderstanding, and I'm sorry about that. We are not redesigning the reactor. The reactor that is currently running in line 2 and 3 is our serial reactor and it will be the reactor used in Czech Republic, Greece, Emleben and all the other projects. But the reactor of TAD1 our very first industrial reactor is old. It is over ten years old. It has seen a lot, been through a lot and it had many hard test runs. The reactor is at the end of its lifespan. It would be too risky to continue operating reactor 1 for a much longer period, and I don't think anybody wants to read that the TAD1 reactor caught fire or something similar. That's a risk we are simply not willing to take. That's why we have decided to build a new reactor in TAD1. The problem is that our new serial reactor is too large for the tower in TAD1. In this case we need to adapt the reactor a little bit so that it fits into the tower of TAD1, and we have also to adapt the tower a little bit so that the new reactor fits in. Long story short, this is simply a retrofit for TAD1. It has nothing to do with any future projects. It's a one-of-a-kind retrofit specifically for TAD1.

Question #5:

Michelle Schaller:

Thank you for the explanation. When investors look at Pyrum, they think about the projects and all the big developments. But there is a lot happening behind the scenes. Can you tell us more about what happens in the back and explain the important role Felix Magath plays for the company?

Pascal Klein:

Yes. You always see the project and the technological advantages we have made. But in the back we are working a lot on the political side. There are many new laws coming in the next months, even this year and in the next years. Like for example the End-of-Life Vehicle Regulation which was a giant topic for us in the last two years. This regulation defines how new cars have to be built and how much recycled content they must contain. For Pyrum, it was extremely important that our carbon black and our oil can be used in new cars and that our raw materials count into the circularity quotes of new cars. Hopefully, the final version of the End-of-Life Vehicle Regulation will be

published within the next few weeks, and I hope we have done a good job ensuring that our topic is properly reflected in it. Many other new regulations are also coming, such as the Ecodesign Regulation, which will include tyres for the first time from 2026 onwards. To educate politicians, explain what we do, demonstrate what we are already capable of, and highlight the future potential of our technology, you need access to high graded politicians. Felix Magath is a real door opener in this respect. He can call high graded politicians, open doors, and arrange meetings that we otherwise would not have been able to get. That is one of his key roles and it is working quite well. Thanks to him, we have had many valuable political discussions, a successful press release and we are doing a lot of political work in the back.

At the same time, as we continue expanding and building more and more plants, we also need more and more offtake partners. For the oil, the demand of BASF is so high, we are not thinking about new offtakers for the next fifty plans. But for the rCB, we need more offtakers. Schwalbe is a perfect offtaker, Continental too, but we are also working on new offtakers. And you all have to know that you cannot approach a tire manufacturer today and sell him recovered Carbon Black in two months. The entire procedure takes years—I would say around two years. From the initial contact, through laboratory tests, the first rubber compounds, the first tyre prototypes, tyre testing, and finally approval to supply recovered Carbon Black for tyre production—because it is a safety-relevant material—it can easily take up to two years before an offtake agreement is signed. We are very active in that sector and hopefully soon we can publish new information about that. But this is another example of the extensive work that takes place behind the scenes.

Question #6:

Michelle Schaller:

Thanks for the insights. Is there anything else you'd like to share with the shareholders before we wrap up?

Pascal Klein:

Yes. I often ask myself the question: how can I keep investors motivated? Because things take a long time and you have to see Pyrum as a long shot investment. What we are building here is a technology for generation and for the next decades. It takes decades to build this kind of technology, last for the next twenty to forty years. It is not like you developing a new chipset or CPU for a new AI application, which may be the best of its kind today but in six months it is completely outdated. The lifespan of such technologies is extremely short and the company that is the best today might not even exist anymore in two years.

What we are doing is more comparable to rocket science or building spaceships. Nobody can build something like that in his backyard within two years or one year. It takes ten to twenty years to develop something like this. And that's where we are. We are developing a technology that is changing the whole industry and that will still be there in twenty-thirty years. I am a very impatient person and I often think that things take too long but on the other hand I always tell to myself what we are building here is something for the next generation and for our children. It is something that will remain for a long time, and that is something we should not forget.

Another message I have learned a lot about from politicians over the last few months is that we need to change the way we present ourselves to the world. We are not just a green tire recycler, we are much more than that. In reality, we are a supplier of system-relevant raw materials. We are delivering raw materials that have been causing issues for years. Just look at the war in Ukraine where we had issues with gas supplies in Europe. Now, with the war in Iran and the street of Hormuz, we are seeing issues with oil supply. One of the major topics on the agenda of all European politicians today is sustainability, as it has always been, but also resource resilience. We need to become self-supplying in major raw materials. And we, as Pyrum, produce some of the most important raw materials—and we produce them from waste, which is the best part of it.

So you will see over the next few months and years that our message to the world will change somewhat. We will present ourselves less as a tyre recycler and more as a supplier and manufacturer of important raw materials.

Outro:

Michelle Schaller:

Thank you very much. This words bring us to the end of this podcast. Thank you very much for listening and also for the many questions. We are now preparing the Annual General Meeting on July 14th and we are delighted to welcome many of yours. I wish you all the best for today. And now for the last words I hand over to Pascal Klein.

Pascal Klein:

Yes, thank you, Michelle. I don't have much to add here. Thanks for the questions. I also thank all the shareholders for sending in those questions. I hope to see many of you at our Annual General Meeting in July. It's always nice to speak directly with shareholders. So I hope to see a lot of you there. So I wish you all a nice day and thank you for your attention.