Investor Newsletter Q1 2026 – Transcript of the podcast

I would like to welcome you to our first newsletter podcast from Pyrum Innovations AG. Sitting opposite me is the company's founder and CEO, Pascal Klein, who will be giving us some exciting insights into the development of Pyrum today.

Question #1: Pascal, let's start with the main location in Dillingen. What important developments and progress have been achieved there in recent months?

Pascal Klein: First of all, good afternoon and welcome to this first experiment. This is our first podcast. The idea behind it is to perhaps be able to publish the newsletter more frequently or to reduce the time it takes to prepare a newsletter. We hope that this new format will be well received by shareholders and that the questions will be interesting and answered in a more authentic way.

Regarding the question: The current situation at the Dillingen site is as follows: The shredder is running well, and the two reactors are also running well. They are both operating at the planned load of 700 kilograms per hour. We have been able to extend the maintenance intervals a little further. This means that we actually have more production days per year than we originally planned. The power plant is also running well, so we have no complaints. We have a target line for what the plant should achieve over the year, and we are very close to that at the moment, even exceeding it in some weeks. The only thing that is not yet running at full capacity in Dillingen, but I think everyone is aware of this, is the grinding and pelletizing plant. As you may all know, the grinding and pelletizing plant is a purchased component, so we bought it ready to use. It is the largest of its kind in the world. Therefore, building it is a novelty for everyone. We have learned a great deal, as the saying goes, we are currently paying for our education. But that helps us not to make the same mistakes in subsequent projects. We now know that the mill works perfectly. That is the first part of the grinding and pelletizing plant. After the mill comes the dosing system, which is actually the main bottleneck in the plant at the moment. The freshly ground coke, which is soot at the moment after grinding, has a very fluffy behavior. It flows like water, so to speak, and needs a certain resting time. And the manufacturer of the grinding and pelletizing plant had not taken this resting time into account. Or perhaps they did take it into account, but underestimated the settling time required. As a result, we are unable to properly dose the freshly ground carbon black into the pelletizing plant. Although the plant currently manages 1,200 to 1,250 kilograms per hour, it is not yet reaching the ordered 1,650 kilograms per hour. This is because the dosing is not yet working properly. We have now received a schedule for the remaining modifications. We have reviewed everything and it looks very promising.

Modifications 1 to 4 will be completed shortly, while modification 5 will take two to three months. Let's put it this way: modification 5 will definitely work. We hope that modifications 1 to 4 will already produce the desired result. Modification 5 is how we would do it in the future, i.e., how we will do it in Perl and at all other locations. This means that we have not one dosage, but two to four dosages. Then one can always be filled from the grinding plant, one can rest, and one fills the pelletizing plant, so that you no longer have the problem that the dosage does not have time to rest. That is, of course, the best method. It would also be the best in Dillingen, of course. However, it requires the most extensive conversion work, as there is no space.

Question #2: In addition to Dillingen, the other projects are also progressing. What has happened here recently and what is the status of development, particularly at the second Pyrum site in Perl-Besch?

Pascal Klein: We started in Perl-Besch, where the initial groundwork had already begun. We took soil samples and carried out test drilling to check the stability of the ground. All of this has now been sent to the architect. Our planning is also complete. You have to imagine that first you have to plan everything that is going to be built, i.e., the machines, the halls, the offices, etc. In addition, it is best to have everything approved, which has been the case since the end of the last quarter, so that we have the final building permit. Now we know exactly what will be built. The last thing you do is plan the ground, because only when you know what you are putting where and how heavy everything is can you calculate the foundations. We commissioned this in September last year. So the foundation planning: foundation, structural, and sewer planning. Everything that goes underground. We are currently waiting for that. To be honest, we are also putting pressure on them in the background to get the plans to us quickly. Ultimately, the next step in Perl is to dig big holes and lay the foundations. For this, we need the verified structural analysis, and unfortunately there aren't that many people who can do this, which is why we are dependent on the architects and planners. We have already commissioned all of this and as soon as we have it, we will get started right away.

There was also a financing gap in Perl. We worked with the state of Saarland to find a solution. This solution provides for part of the plant to be subsidized. Unfortunately, I can't say any more about that at this stage. All I can say is that we can now start building, but we have to pre-finance it first. We will then get some of the money back from the Saarland after construction. So that we don't have to pre-finance it ourselves, we have reached a good deal with our suppliers, who are essentially granting us supplier credits. This means that construction will take place first and payment will be made at the end. Unfortunately, I can't say much more about this, as it is a highly legal matter. But we have received approval from the lawyers that this is how it will work.

Question #3: Now there are not only your own projects, but also partner projects. What has happened there recently?

Pascal Klein: After more than two years of negotiations, we have established the joint venture with UNITANK. It is called UniPyrum. We have already identified three locations. The first location is in Emleben. It was also recently announced that the engineering contract has been signed there. This means that the joint venture has commissioned Pyrum to plan the plant in Emleben. Another plant will be built in the Ruhr area. And the third plant is to be built near Hamburg. These are now the first target areas where the joint venture is looking for land. As soon as a permanent site has been defined, planning will also begin at the respective location. As we have already announced, we can acquire up to a 49% stake in each plant, as we are entitled to do so. Of course, this will only happen once the plant has made the final investment decision, i.e., the approval must be in place and the financing must be complete. Only then will we know how much equity capital each plant needs and what share of the equity capital we will have to contribute. As already mentioned, we can acquire up to a 49% stake in each of the plants , but it depends on what we can contribute ourselves once the financing is in place.

Question #4: There is currently a dynamic development at the regulatory level. Where do you see growth opportunities and possibilities for Pyrum?

Pascal Klein: People have been talking about circularity, sustainability, raw materials, etc. for many years, but now things are finally happening. We now have the ELVR, the End-of-Life Vehicle Regulation, which is due to come into force in the next few months. This obliges the automotive industry to meet recycling quotas in new vehicles. At Pyrum, we have fought hard to ensure that our oil and carbon black are also included in these quotas. This means that what we have done in the past with Mercedes, for example, namely door handles, were previously prestige projects to show that "it works!" The raw materials that Pyrum produces from old tyres can be used to manufacture high-quality plastics that can even be used in the door handles of a Mercedes S-Class. Now that it is required by regulation, we already have the knowledge to go mainstream. And that was prepared years in advance. Now the regulations are finally coming.

But that's not all that's coming this year. In May, we will see a partial export ban on end-of-life tyres. This is very important for us because politicians have understood that Pyrum is not just a tyre recycler or a waste disposal company. Instead, we are increasingly being perceived politically as a supplier of system-critical raw materials. And that is really the current focus at the EU level, namely raw material independence. We in the EU are very dependent on raw material supplies from abroad, and waste is now seen as a source of raw materials. We should stop exporting waste to countries, where it just ends up in landfills, such as the world's largest tyre landfill in Kuwait, for example. We here in Europe lack the resources. Consider that tyres can be used to produce oil, soot, and gas, which are among the most systemically important raw materials available. And we are still exporting them today. As I said, the EU is now taking action in this area as well.

This year will also see the introduction of the Ecodesign Directive, which defines the production of products. Recyclability, i.e., the circular content in products, is explicitly on the agenda this year, with tyres set to be included in the list. This plays right into our hands. We invest a lot of time in Brussels to actively participate in the regulatory process. We recently received ISCC EU certification. This gives us the opportunity to sell our oil not only to the chemical industry, such as BASF for plastics, but also officially as green fuel, i.e., green jet fuel or green alternative fuel. Thanks to some of our partners, we now know that our oil has a biogenic content of up to 50%. So our oil is 50% organic. We can all see it in the political world situation, in the wars that are currently raging, especially in Iran. And above all at the gas pump. I think that's where everyone notices most how dependent we are on raw material exports from all over the world. We must not forget that we here at Pyrum can provide a large part of the solution. We can actually produce raw materials from our waste. It's not always about AI, PCs, or social media. Pyrum is one of the core issues we should be addressing right now, and we need the support of all of you, including attention at the political level.

Question #5: Pyrum carried out a rights issue in December. Are you satisfied with the result?

Pascal Klein: Yes. To be completely honest, I'll tell it like it is. We opened a bottle of champagne to celebrate. We were also open about it: we were really looking for EUR5 million, EUR10 million was the target we were aiming for, hoping that we could raise that amount. To be honest, anything over EUR10 million was a bonus for me, and we were more than happy to have raised over EUR13 million. Of course, we were authorized to raise up to EUR21 million, but that was just our authorization and we exercised it to see how much we could raise. Roughly half of the money raised came from strategic investors, i.e., those who are already invested in us, such as Schwalbe. But what made me personally very happy and also very pleasantly surprised was how much came from all the small shareholders. So you, who are most likely listening to this podcast, really managed to bring in EUR6 million through lots of small orders, and we were delighted with every one of them.

There was also a curious effect that we did not expect. Normally, when you carry out a rights issue, the stock market price adjusts to the rights issue price. Accordingly, we all expected the price to settle somewhere around EUR27.50. In our case, however, on the value date, i.e. the day on which all shareholders received their shares – December 29 – the price was between EUR32 and EUR33, depending on the market. So we are talking about 20% above our issue price. This naturally led to many people taking profits immediately, which is understandable. After all, they received the Pyrum shares for EUR27.50 on that day and were able to sell them straight away for EUR32 to EUR33. Many did so, which unfortunately brought the price down a little. But I want everyone to know that the decline in the share price actually has nothing to do with Pyrum, so it's not that we are doing worse than we were in December. In fact, we are doing better. It's just that the market is the market.

Question #6: We've talked a lot about what has already been achieved. Now, to conclude, what are the specific milestones for the coming months, and where is Pyrum focusing its efforts?

Pascal Klein: One focus right now is to keep things moving quickly in Perl. As I said, we're currently waiting for a few plans, then we can get started relatively quickly. The grinding and pelletizing plant in Dillingen is the biggest revenue driver. Once it is fully operational and has been approved, our revenue will increase very quickly. It's just a minor issue. You can really believe me on that. It is a problem that the dosing system is not working properly, but we know that it works without any problems once the material has been allowed to rest for half an hour. There is a lack of settling tanks, which are now being retrofitted. Unfortunately, this is taking time because the material is not lying around on shelves. But it is now being implemented. In calendar week 8, a large test run took place at our supplier in Holland, where tests were carried out to see whether it would work with several tanks and an additional agitator. The tests were very promising. This is now being implemented here in Dillingen. Believe me, it's not pleasant for us either. I think everyone knows what it's like when you buy a car somewhere that doesn't work and you spend the first few weeks in the repair shop. That's the situation we're in. We're in the repair shop regularly, but it must be said that our supplier is trying hard to fix it quickly. They're working as fast as they can. And we're helping too.

The project in Czechia is scheduled to start shortly, and our partner SUAS has done everything that needs to be done. We have also done everything and started the initial work there. At the moment, it's a bit stuck at the bank. I mean, banks have committees, and committees have to be convinced of every little detail. We are putting pressure on them, but they are not letting themselves be pressured. We have to keep supplying data and hope that we will have everything finalized in Q1.

The Greek project has received EUR29.4 million from the EIB, and there is a clear timeline behind it. It states clearly that construction must begin there at the end of June, otherwise the funding could be lost. Of course, our customer in Greece does not want that to happen under any circumstances, so we strongly assume that work will actually start in Greece at the end of June.

We have a project in Antwerp with VTTI, the world's largest LNG terminal operator. We have now completed the first phase of planning, i.e. the basic engineering and approval planning. We expect to submit the approval applications shortly and then be able to start directly with phase 2 of the plant.

As I said, we have now started planning with UNITANK in Emleben. I can tell you one thing, and I would like to take this opportunity to praise all Pyrum employees: our planners and technicians in particular are currently working a lot of extra shifts because we are doing a lot at the same time, and you can't see that directly because a plant like this isn't built overnight. But a lot is being done in parallel at the moment, which will lead to a large number of plants being built simultaneously in the coming years.

Thank you very much. Those were some very interesting insights. We look forward to the coming months and hope that you enjoyed it so far. We are open to suggestions and look forward to the next issue. Goodbye, thank you.