



Pyrum Innovations AG

First half  
of the 2022 financial year  
of

Pyrum Innovations AG

Dillingen / Saar

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Reporting for the first half  
of the 2022 financial year  
of  
Pyrum Innovations AG

Dillingen/Saar

## **Preliminary remark**

In this report, we provide information about the business performance of the Group of Pyrum Innovations AG in the first half of 2022 and about 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 following report does not constitute a full interim group management report as would be required for capital market-oriented corporations pursuant to section 115 in conjunction with section 117 of the German Securities Trading Act (WpHG), and therefore does not contain all the disclosures that would be required in such a report.

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

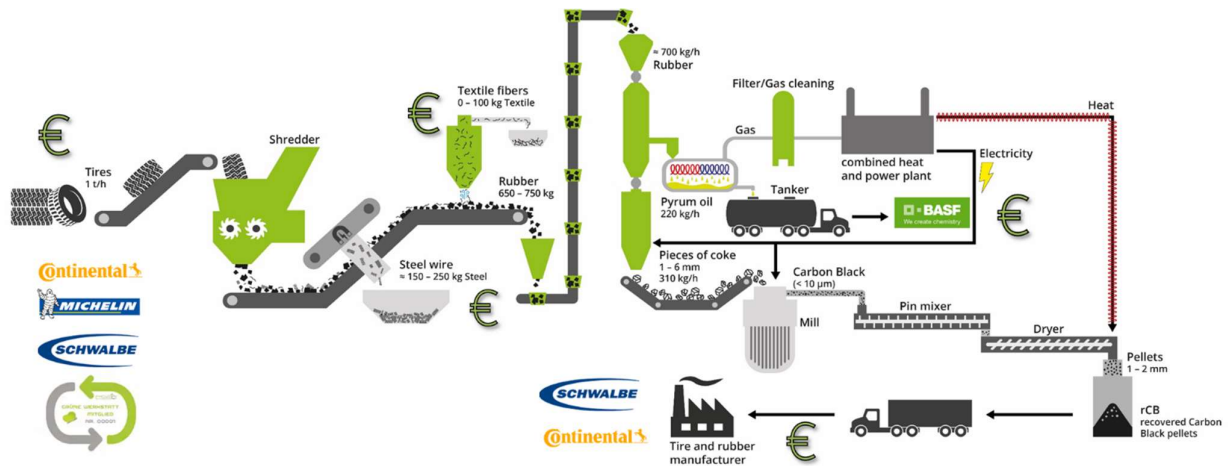
## **COMPANY – OPERATING ACTIVITIES, COMPETITIVE POSITION AND GENERAL CONDITIONS**

### **Group structure and operating activities**

Pyrum Innovations AG operates in the attractive recycling market for end-of-life tyres with its patented pyrolysis technology. Pyrum's pyrolysis process is energy self-sufficient, saves the bulk of the CO<sub>2</sub> emissions normally generated during the disposal of end-of-life tyres 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.

A trailblazer, back in 2018 Pyrum Innovations AG was the first company in the end-of-life tyre recycling sector to obtain the European Chemicals Agency (ECHA)'s REACH registration for the pyrolysis oil it produces. The oil has since been recognised as an official raw material, allowing it to be used in production processes. In addition, Pyrum obtained ISCC PLUS certification for its pyrolysis oil and rCB in spring 2022. Both products are therefore certified as sustainable and as renewable raw materials. These successes have also been recognised by international experts in the tyre industry. For example, Pyrum won in the Best Tyre Recycling Innovation category at the inaugural Recircle Awards in 2021. In the current 2022 financial year, the company was again nominated for the 'Grand Prix Mittelstand' by the German state of Saarland.

## Value chain



This diagram illustrates the individual process stages at Pyrum pyrolysis plants as well as the interfaces with own use and the purchasers of the individual recycling products, exemplified by the processing of one tonne of delivered end-of-life tyres.

By operating its own shredders, Pyrum ensures that no foreign material enters the plant. This ensures the replicability of the quality of the end products – pyrolysis oil and recovered carbon black – on a daily basis. The disposal fee that Pyrum receives for accepting the tyres serves to cover the running costs of the shredder.

The proportions of steel, textiles and rubber vary depending on whether truck, car or bicycle tyres are being processed.

## **Market, competition and customer relationships**

Pyrum Innovations AG recycles end-of-life tyres with its patented pyrolysis technology, obtaining new raw materials such as recovered carbon black (rCB), pyrolysis oil and gas. According to a study by Bryan, Garnier & Co, the end-of-life tyre recycling market is still characterised by a high degree of fragmentation<sup>1</sup>. There is not currently a leading company in Europe, and the market for the rCB output is still underdeveloped and therefore offers the company significant potential for expansion. Attractive conditions are also being created by high demand from industry for sustainable raw materials and production processes as well as tightening regulation, especially in the EU.

Pyrum obtains the input, end-of-life tyres, from workshops, tyre manufacturers, waste disposal firms or local governments. According to the World Business Council for Sustainable Development (WBCSD), around one billion tyres reach the end of their useful life every year around the world<sup>2</sup>. Especially in light of increasing electromobility, these volumes are expected to continue growing over the next few years. An estimated 43% of end-of-life tyres in Europe – around 3.4 million tonnes a year – are not recycled in a sustainable manner, which means for example that they are incinerated at cement plants or disposed of in landfill. In Europe alone, this offers Pyrum the potential to use pyrolysis to sustainably recycle nearly 1.5 million tonnes of end-of-life tyres per year and thus introduce them to the circular economy.

As the recycling market for end-of-life tyres is growing strongly and is highly fragmented, Pyrum Innovations AG intends to take a leading role here.

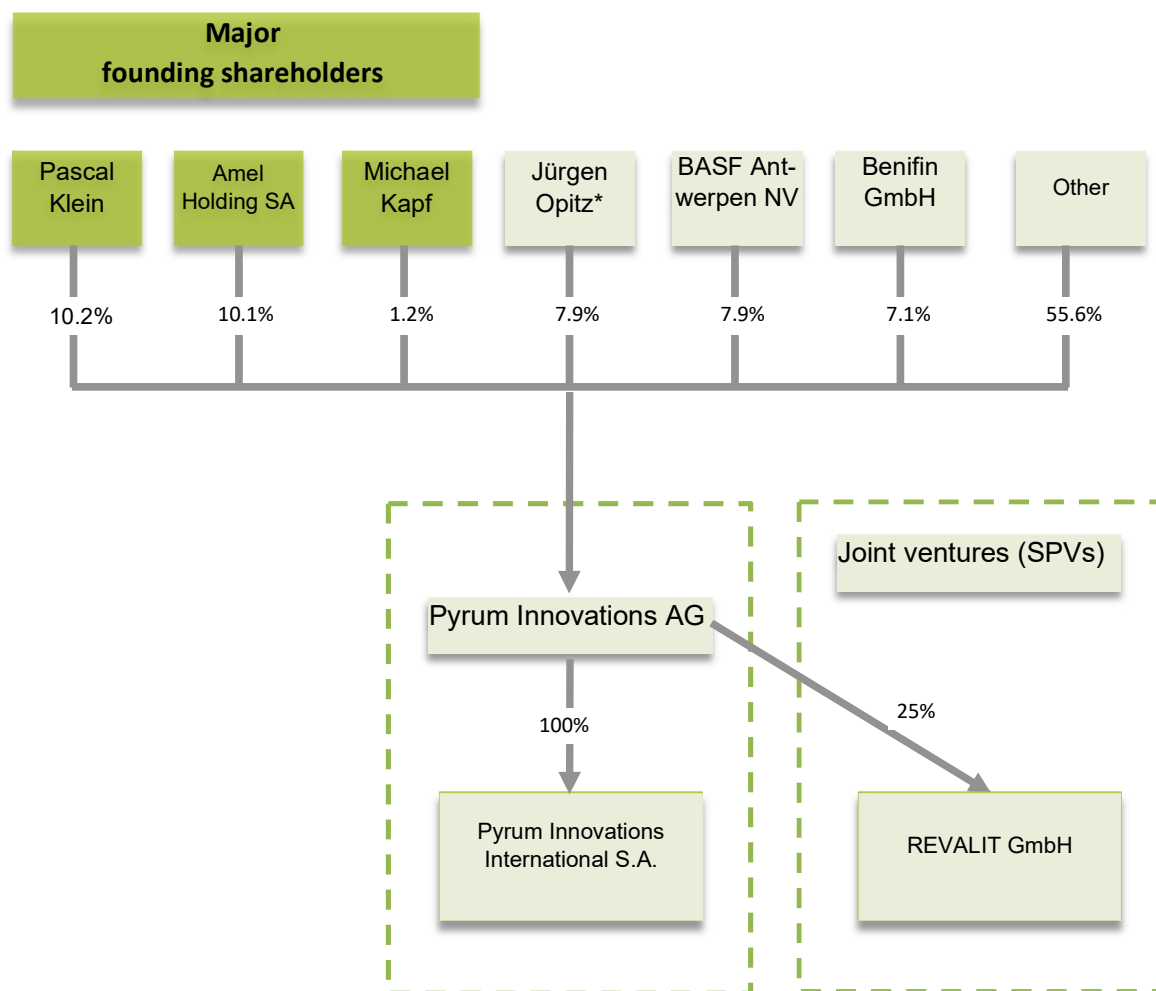
Further assessments of the market, competition and customer relationships are outlined extensively in the 2021 annual report.

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<sup>1</sup> Bryan, Garnier & Co: Tire pyrolysis – Solving a global environmental issue

<sup>2</sup> World Business Council for Sustainable Development: ELT Management (2021)

## Major shareholders and Group structure as of 30 June 2022



As of 30 June 2022, approximately 2,600 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.
- ▶ In order to guarantee unrestricted access to the intellectual property, Pyrum Innovations AG acquired all shares in Pyrum Innovations International S.A. for EUR 6.5 million with effect from 7 October 2021. Pyrum Innovations S.A. is therefore a wholly owned subsidiary of Pyrum Innovations AG.

\*Including attributable shares

## FIRST HALF OF THE 2022 FINANCIAL YEAR

### Project status report

#### *Status of expansion with TAD 2 + 3 in Dillingen*



The construction of the thermolysis recycling plants 2 and 3 continues to make progress.

While the thermolysis tower was being assembled, the groundwork and foundation work around the tower was completed. The two 60,000-litre oil storage tanks were installed at the beginning of April.

At the end of April 2022, the groundwork and foundation work started for the two halls and the storage silos in-between. The two halls are one building for the tyre shredder (700 m<sup>2</sup>) and one for the subsequent refinement of thermolysis coke using a grinding and agglomeration plant (600 m<sup>2</sup>).

The construction work for the two halls is already complete. The silos between the halls were also successfully installed in September 2022.

Parallel to the construction of the silos, the necessary groundwork and foundation work for various ancillary facilities began. These include the preparatory work for the combustion chamber, the micro gas turbines and the soda scrubber, as well as the work for the supply facilities such as the medium-voltage transformer station and the nitrogen and compressed air supply.

The next steps are now the installation of the two thermolysis reactors, which are scheduled for completion in October and November 2022, and the delivery and construction of the new tyre shredder in October 2022, which is expected to be able to commence operations in the same month.

At the end of October, work will begin on the electrification of the new pyrolysis plant (installation of the switch and control cabinets, construction of the cable runs and complete cabling).

The commissioning work, with initial loop checks, is expected to begin before the end of this financial year.



The current progress of the plant expansion is partially influenced by clearly inflated prices for components and by supply shortages. Pyrum's priority is to complete the plant expansion on time, so higher costs than originally planned are accepted in cases of doubt.

### ***Status of current customer projects in plant construction***

Pyrum's team is currently working in parallel on planning for several new plant construction projects to advance the roll-out of the patented technology and to quickly create additional recycling capacity at additional sites.

Basic information on the maturity and probability of realisation of customer projects can be found in the annual report for 2021.

On 10 June 2022, the first customer joint venture (SPV) was founded under the name REVALIT GmbH. Pyrum Innovations AG's stake in the share capital amounts to 25%. The company was entered in the commercial register on 15 July 2022 under commercial register number HRB 13299.

After the company was entered in the commercial register, the property at the port in Straubing was secured and a pre-engineering agreement concluded with Pyrum Innovations AG, which includes the preparation of required approval applications.

## **Development of economic conditions**

A global rise in gross domestic product (GDP) of 6.1% in the previous year, which was seen as an indicator of economic recovery, was followed by an increasingly negative trend in the first half of 2022. According to the International Monetary Fund (IMF, July 2022), global economic growth in 2022 as a whole is now only expected to be an estimated 3.2%. The IMF forecasts growth of 2.5% in the industrialised nations (previous year: +5.2%). In the countries of the eurozone, economic output is set to increase by only 2.6% after 5.4% in the previous year. The German economy is expected to see only slight growth at a rate of around 1.2% (previous year: +2.8%). Although the effects of the COVID-19 pandemic continued to weaken in the first half of 2022, the global economy was shaken by several factors: The effects of the Russia/Ukraine war are influencing the entire global economy and leading to slower growth and disruptions to trade. The unexpectedly high inflation is being fuelled in particular by rising raw material and energy prices. There is also economic uncertainty due to the continuing pandemic, the duration and further course of which are unforeseeable. In this context, production and trade were particularly disrupted in the first six months of 2022 by renewed lockdowns in numerous Chinese cities<sup>3</sup>.

In the tyre market, more than 1.6 billion new tyres are sold each year around the world<sup>4</sup>. Accordingly, a roughly equal volume of tyres reach the end of their lives. According to the German Federal Environmental Foundation, this amounts to around 570,000 tonnes per year in Germany alone<sup>5</sup>. In comparison, a standard Pyrum pyrolysis plant with three reactors will in the future have a capacity of around 20,000 tonnes of end-of-life tyres per year. At the same time, a feasibility study by Chemnitz

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<sup>3</sup> IMF: World Economic Outlook Update July 2022

<sup>4</sup> BlackCycle Project: Press release of 3 September 2020

<sup>5</sup> German Federal Environmental Foundation: Press release of 13 August 2021

University of Technology on behalf of the German Tyre Retail and Vulcanisation Trade Association, there is an emerging deficit in available recycling capacity for end-of-life tyres in Germany<sup>6</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>7</sup>. Accordingly, demand for the acceptance of end-of-life tyres remains high.

At macroeconomic level, the circular economy is garnering increasing public attention. In connection with the transition to renewable energy, there is a growing focus on sustainable products, which is also affecting the regulatory conditions. For example, the incineration of end-of-life tyres involves increasing costs for CO<sub>2</sub> emissions. Pyrum Innovations AG can make a decisive contribution to the desired transformation of the economy with the recycling of end-of-life tyres in the reusable material cycle.

## **Business performance in the first half of 2022**

Starting in February 2022, the Ukraine conflict caused supply problems for various parts required by Pyrum, which have so far been resolved. There has also been a substantial price increase. In particular, this can affect the schedule and the costs of the plant extension and future planned plants.

In March 2022, Pyrum obtained ISCC+ certification (International Sustainability & Carbon Certification) for its rCB and thus reached another important milestone for its commercialisation. ISCC+ certification is a voluntary certification standard, which proves that not only the pyrolysis oil but also the rCB is sustainable and considered a renewable raw material.

Also in March 2022, a joint development agreement was signed with Continental, and the project design began. The aim of the joint development is to refine the rCB for the needs of the tyre industry so that the largest possible proportion of recycled materials can be used in tyres in the future.

On 22 March 2022, CEO Pascal Klein's Executive Board contract was extended by five years to 31 January 2028. In addition, Kai Winkelmann was appointed to the company's Executive Board as CFO for three years as of 1 April 2022.

On 30 March 2022, the Pyrum share was listed in the Scale segment of Deutsche Börse. As a legally registered SME growth market, the Scale segment offers Pyrum efficient access to national and international investors.

Ownership of the factory grounds and the administrative building at the company's headquarters was transferred to Pyrum Innovations AG effective 1 April 2022. The leases of the other tenants on the property were taken on at the same time. This ensures that the company will be able to continue evolving with the greatest possible freedom at its headquarters.

In May 2022, Pyrum started testing its pelletiser. Various tyre and pigment manufacturers have already been supplied with material samples from the series production plant. Initial feedback was positive. Certification processes are currently underway with the potential customers in order to conclude final supply contracts. These usually take three to six months, so the company continues to expect series production to commence in the fourth quarter of 2022. The interplay between the grinder and the

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<sup>6</sup> Chemnitz University of Technology: Neue Nutzungsperspektiven und Anwendungsfelder für Altreifenrecycling

<sup>7</sup> World Business Council for Sustainable Development (WBCSD): Global ELT Management (2019)

agglomeration plant (pelletisation) is currently being optimised for final series production with regard to optimum plant availability and optimum material throughput.

Likewise in May 2022, Pyrum obtained ISO 9001 certification for its quality management in the scope of end-of-life tyre recycling, production and sales of the resulting products, research and development of new input materials and products, and plant design and construction. The implementation of and compliance with the quality management system according to DIN EN ISO 9001:2015 was confirmed by successfully passing the audit. With this certification, Pyrum meets further criteria of the tyre industry to be allowed to supply recovered carbon black (rCB).

60,000 litres of oil were produced and delivered to project partners in the BlackCycle project.

In June 2022, Siemens and Pyrum entered into a partnership that, alongside joint technical developments, also includes prioritised delivery of required components.

Also in June, Pyrum was awarded Silver status in the rating by EcoVadis.

## **Financial summary 1 January - 30 June 2022**

### **KPIs in the first half of 2022 (same period of the previous year)**

- Total output of EUR 9,196 thousand (EUR 932 thousand)
- Total sales of EUR 485 thousand (EUR 398 thousand)  
of which sales from operation of the recycling plant of EUR 446 thousand (EUR 392 thousand)
- Other operating income of EUR 916 thousand (EUR 754 thousand)  
of which income from investment grants and grants for ongoing research and development projects of EUR 807 thousand (EUR 450 thousand)
- Post-tax earnings of EUR -3,487 thousand (EUR -3,137 thousand)  
including accrued expenses for costs of the additional listing in the Scale segment of the Frankfurt stock exchange of EUR 288 thousand

### **Financing**

- Credit finance in the reporting period:  
Conclusion of property refinancing of EUR 2,800 thousand / disbursement in Q3 2022

## Results of operations in the first half of 2022

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

Total output for the first half of the 2022 financial year increased approximately tenfold compared to the first half of 2021 to EUR 9,197 thousand (EUR 932 thousand). It comprises own work capitalised of EUR 8,495 thousand (EUR 519 thousand), inventory changes of EUR 216 thousand (EUR 15 thousand) and sales from the operation of the plant of EUR 485 thousand (EUR 398 thousand).

Sales from the operation of the plant grew by 22% due to increased plant throughput. In expectation of significantly higher selling prices after commissioning of the pelletising plant, large amounts of the coke produced were deliberately added to inventory. This development is therefore also reflected in the increase in finished goods and work in progress in the income statement.

Other operating income increased by 21% to EUR 916 thousand (EUR 754 thousand). This resulted from income in R&D, where research grants of EUR 807 thousand (EUR 450 thousand) were obtained, in particular for the BlackCycle project. Depending on the project, the research grants are offset by deliveries of oil, rCB and granulate, which were not recognised as sales because they were covered by the research grants. In the first half of the year, 60,000 litres of oil were delivered to the BlackCycle project partners.

The cost of materials includes raw materials, consumables and supplies as well as the cost of materials required for the generation of own work. The recognised cost of materials therefore increased significantly in the first half of the 2022 financial year to EUR 8,444 thousand (EUR 359 thousand). This includes EUR 7,775 thousand required for the generation of own work.

Personnel expenses increased to EUR 1,990 thousand (EUR 1,479 thousand) due to the increase in personnel for the upcoming growth.

Depreciation and amortisation increased to EUR 1,278 thousand (EUR 708 thousand), resulting on the one hand from the start of depreciation on completed plants (Pyrum Innovations AG) and on the other hand from the amortisation for patents (Pyrum Innovations International S.A.) that are only consolidated from the fourth quarter of 2021, so the comparative figure in the prior-year period is significantly lower.

Other operating expenses fell to EUR 1,770 thousand (EUR 2,181 thousand) and include non-recurring expenses of EUR 288 thousand for the costs of the secondary listing in Frankfurt in the Scale segment of Deutsche Börse. An individual breakdown can be found in the notes to the consolidated financial statements for the first half of the year.

The consolidated net result for the period was EUR -3,487 thousand (EUR -3,137 thousand).

## Financial position

As of 30 June 2022, cash funds amounted to EUR 19,468 thousand (EUR 34,446 thousand).

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.

A material new loan of EUR 2,800 thousand to refinance the purchase of the land and building for the headquarters in Dillingen will not affect cash until the third quarter of 2022.

The development of the Group's financial position is shown in detail in the consolidated cash flow statement.

## NON-FINANCIAL TARGETS AND PERFORMANCE INDICATORS

A detailed description of the non-financial targets and performance indicators can be found in the 2021 annual report.

## RISKS AND OPPORTUNITIES

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

Here in a non-exhaustive list of selected risks that are currently in the spotlight:

### *Energy supply and gas price development*

The greatest uncertainties currently lie in the development of energy and gas prices. The operation of the pyrolysis plant is energy self-sufficient, but tyre shredding as well as aftertreatment of the rCB in the grinder and pelletisation require an external energy supply. Pyrum has secured the electricity supply at low prices until the end of 2022 and can theoretically also convert external gas into electricity in the future plant. In the future, however, it will only be possible to purchase electricity from the current provider on an industrial scale at one- to three-month spot prices. This could have a considerable impact on plant profitability if the prices of the end products and the acceptance fee for tyre disposal cannot be increased in the same proportion.

### *Interest rates and inflationary pressure*

Loan interest rates have risen sharply in the recent past, which makes refinancing plant components, properties, etc., much more expensive. In addition, it is becoming harder for potential purchasers of plants without sufficient liquidity to obtain project financing. This is likewise exacerbated by the surge in inflation, which makes it more difficult to forecast profitability for potential plant purchasers.

Otherwise, there have been no material changes in the assessments of opportunities and risks since the preparation of 2021 annual and consolidated financial statements. Please refer to the 2021 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.

## **SUPPLEMENTARY REPORT AND OUTLOOK**

### **Significant events after 30 June 2022**

The reporting on the use of pyrolysis oil in the doorhandles of the Mercedes S-Class and on Schwalbe's bicycle tyre recycling campaign again generated strong interest in the company's circular products. Initial talks commenced with many new potential customers regarding our plants and products, and samples were sent out. The most significant event for Pyrum Innovations AG after the end of the reporting period was the signing of a memorandum of understanding (MoU) with UNITANK Betriebs- und Verwaltungs GmbH, with the aim of jointly building and operating up to ten plants by the year 2030. Each of these plants is planned with a capacity of at least 20,000 tonnes of scrap tyre processing per plant.

UNITANK is a leading oil logistics company. UNITANK was founded more than fifty years ago on the basis of long-term storage contracts for Germany's strategic reserves. The Hamburg-based company now operates seven large tank farms in Germany and Belgium and handles approximately six million cubic metres for its customers every year. In connection with the transition to renewable energy, UNITANK is expanding its business model to include the secure operation of critical infrastructure in the fields of carbon-neutral energy and circular value creation.

In addition, the Fraunhofer Institute for Environmental, Safety and Energy Technology's life cycle assessment (LCA) for the company's pyrolysis process was published in September 2022. For the first time, the LCA calculated the CO<sub>2</sub> savings made by the pyrolysis process. Apparently, Pyrum's process saves up to 72% of the CO<sub>2</sub> equivalents emitted per tonne of end-of-life tyres compared to the current recycling mix in Germany. The life cycle assessment is scientific proof that Pyrum not only closes the reusable material cycle but also saves more CO<sub>2</sub> than all conventional recycling processes currently in use for end-of-life tyres.

### **Future economic conditions**

In July 2022, the International Monetary Fund (IMF) had to significantly lower its global growth forecast for 2022 as a whole. In January, the IMF's analysts had initially anticipated global economic growth of 4.4%. They first lowered their forecast to 3.6% in April. Whereas global economic growth in 2022 as a whole is now expected to amount to 3.2%, a further decline to 2.9% is anticipated for 2023. This is due to the continuing uncertainty over the future course of the Russia/Ukraine war, inflation as a result of rising raw material and energy prices, and the ongoing coronavirus pandemic. Europe is particularly affected: In the eurozone, the IMF now expects growth of only 1.2% in 2023. This constitutes a drop of 1.4 percentage points compared to the forecast for 2022. In the industrialised nations, gross domestic product is expected to increase by 1.4%. In Germany, economic output is expected to grow by just 0.8% in 2023. Economic performance in Germany will be particularly impaired by sharply rising energy and raw material costs<sup>8</sup>.

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<sup>8</sup> IMF: World Economic Outlook Update July 2022

## Outlook for the rest of 2022

Thanks to the great efforts of the project coordinators and the commitment of the suppliers, Pyrum currently assumes that the expansion of its own plant in Dillingen will be largely completed on time and consequently expects that the quantities of tyres accepted will be significantly increased in November at the latest, and loop checks on the two new pyrolysis units will be able to begin at the end of 2022.

After the first SPV was established in the first half of the year, Pyrum also expects to establish one or two additional SPVs with customers before the end of the year. This assessment is underpinned by the recently signed MoU with UNITANK for the construction of up to ten joint plants by 2030 and other promising customer enquiries.

In addition to the examination of options to finance the construction of further plants of the company's own, activities until the end of the year will also focus on the completion of the certifications desired by the purchasers of the rCB in order to conclude long-term supply contracts.

## Research and development

Research and development is in Pyrum's own interest and one of the company's core competencies. The activities serve to improve know-how and products and ensure Pyrum's technological advantage.

For the exploration of additional application areas for its technology, Pyrum operates an experimental laboratory of its own, which is also used for customer research projects and generates additional sales. The committed public funding usually covers up to 70% of the respective project costs.

The research focuses on homogeneous input materials, for which there are currently few to no solutions for circular material cycles.

*Updates on research projects in the current 2022 financial year:*

### **ZIM (Zentrales Innovationsprogramm Mittelstand)-PUR**

**"Recycling of end-of-life polyurethanes in a two-stage process comprising hydrothermal carbonisation followed by pyrolysis"**

The parameters of the pyrolysis stage were determined on the basis of the series of experiments. Due to the product composition, mixing the PUR with biomass proved expedient for significantly increasing the product quality. Currently, pyrolysis cokes are being investigated for possible use as activated carbon, carbon black and/or expanded graphite. Pyrolysis oils are currently also being tested to assess their use as substitutes. Once the pyrolysis gases are characterised, they can be classified as *suitable for conversion into electricity*.

## **ZIM-Schwalbe**

“Recycling of end-of-life bicycle tyres for reuse as raw materials in new and sustainable bicycle tyres”

An extensive, Schwalbe-funded PR campaign about the joint research with Pyrum on closing the material cycle of end-of-life bicycle tyres was initiated to an outstanding response.

## **BlackCycle**

“Recycling of end-of-life tyres for reuse as raw materials in new and sustainable car tyres”

Additional large batches of pyrolysis oil from large-scale industrial production were delivered to the project partners. The plant parameters determined at laboratory scale were again applied at the industrial scale. The transfer of the parameters enabled the successful production of pyrolysis oil with the composition required for the industrial production of carbon black. In February and from the beginning of April to mid-May, 10 tonnes and 50 tonnes of pyrolysis oil, respectively, were produced and delivered in line with the project timetable. These pyrolysis oils are treated by the project partners in a distillation process and subsequently used as a substitute for crude oil in the production of high-quality carbon black.

## **Infinity**

“Technology Transfer Programme Lightweight Construction”

The construction of the plant for the pyrolysis of polychlorinated carbon compounds is now complete, and it is being commissioned at time of reporting. Functional testing of all components has already been successfully completed.

Further information on the research projects can be found in the company’s 2021 annual report.

## **Pyrum Innovations AG**

Dillingen/Saar, 29 September 2022

Pascal Klein  
CEO

Michael Kapf  
Member of the Executive Board

Kai Winkelmann  
CFO





Group Financial Statements  
for the first Half Year 2022

of

Pyrum Innovations AG

Dillingen / Saar

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**Pyrum Innovations AG**  
**Dillingen/ Saar**

CONSOLIDATED INTERIM BALANCE SHEET  
as of  
30 June 2022

ASSETS			EQUITY AND LIABILITIES		
	30 Jun. 2022 EUR	31 Dec. 2021 EUR		30 Jun. 2022 EUR	31 Dec. 2021 EUR
<b>A. Non-current assets</b>			<b>A. Equity</b>		
I. Non-current intangible assets			I. Subscribed Capital	3,253,735.00	3,253,735.00
1. Self-created rights and licences in such rights	92,048.00	98,210.00	II. Capital Reserves	52,058,141.06	52,058,141.06
2. Acquired rights and licences in such rights	<u>6,836,754.72</u>	<u>7,279,577.27</u>	III. Accumulated Losses	-19,099,862.72	-15,612,428.62
	6,928,802.72	7,377,787.27	<b>Total Equity</b>	36,212,013.34	39,699,447.44
II. Property, plant, and equipment			<b>B. Provisions and Accrued Liabilities</b>		
1. Land and buildings on leasehold property	3,967,246.84	1,048,330.25	<b>Other provisions and accrued liabilities</b>	3,558,453.78	3,481,393.88
2. Technical equipment and machinery	3,966,713.32	4,519,783.32	<b>C. Liabilities</b>		
3. Other equipment, operating and office equipment	1,198,697.99	975,019.00	1. Liabilities to banks	1,472,502.75	1,569,058.95
4. Advances paid and assets under construction	<u>10,877,855.45</u>	<u>2,521,472.86</u>	2. Advance payments received	1,940.00	0.00
	20,010,513.60	9,064,605.43	3. Trade payables	2,556,510.19	2,225,840.42
III. Non-current financial assets			4. Other liabilities	<u>3,943,791.17</u>	<u>4,345,307.98</u>
Shares in associates	23,000.00	0.00	<b>Total liabilities</b>	<u>7,974,744.11</u>	<u>8,140,207.35</u>
<b>Total non-current assets</b>	26,962,316.32	16,442,392.70	<b>Total equity and liabilities</b>	<u>47,745,211.23</u>	<u>51,321,048.67</u>
<b>B. Current assets</b>					
I. Inventories					
1. Raw materials and supplies	23,000.00	23,225.00			
2. Work in progress	49,200.00	15,500.00			
3. Finished goods	<u>201,571.63</u>	<u>18,942.85</u>			
	273,771.63	57,667.85			
II. Receivables and other current assets					
1. Trade receivables	124,954.34	137,936.71			
2. Other current assets	<u>856,543.37</u>	<u>207,905.38</u>			
	981,497.71	345,842.09			
III. Cash at hand and in bank	19,467,860.22	34,446,013.72			
<b>Total current assets</b>	20,723,129.56	34,849,523.66			
<b>C. Deferred expenses</b>	59,765.35	29,132.31			
<b>Total assets</b>	<u>47,745,211.23</u>	<u>51,321,048.67</u>			

**Pyrum Innovations AG**  
**Dillingen/ Saar**

Consolidated income statement for the first half of the 2022 financial year

	01.01.-30.06.2022 EUR	01.01.-30.06.2021 EUR
1. Revenues	485,465.59	397,894.03
2. Increase/decrease of finished goods	216,328.78	14,882.42
3. Other own work capitalised	<u>8,494,890.62</u>	<u>519,341.61</u>
<b>4. Total output</b>	<b>9,196,684.99</b>	<b>932,118.06</b>
5. Other operating income	916,363.64	753,555.06
6. Expenses for materials		
a) Expenses for raw materials, supplies and for purchased goods	7,950,067.76	251,933.42
b) Expenses for purchased services	<u>493,626.64</u>	<u>107,062.34</u>
	8,443,694.40	358,995.76
7. Personnel expenses		
a) Wages and salaries	1,683,932.47	1,248,005.56
b) Social security contributions and expenses for pension provision	<u>306,173.60</u>	<u>231,438.56</u>
	1,990,106.07	1,479,444.12
8. Depreciation, amortisation and write-downs of intangible non-current assets and property, plant, and equipment	1,278,250.30	707,805.08
9. Other operating expenses	1,769,836.74	2,181,255.24
10. Income from non-current loans	0.00	4,444.52
11. Other interest and similar income	128.59	74.53
12. Interest and similar expenses	96,696.01	98,858.88
13. Cost of loss absorption from associates	<u>2,000.00</u>	<u>0.00</u>
<b>14. Result after taxes</b>	<b>-3,467,406.30</b>	<b>-3,136,166.91</b>
15. Other taxes	<u>20,027.80</u>	<u>771.00</u>
<b>16. Net loss for the year</b>	<b>-3,487,434.10</b>	<b>-3,136,937.91</b>

## Consolidated statement of changes in equity for the financial half year 2022

	Subscribed capital	Capital reserve		Total	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	€	€	€	€	€	€
<b>As of 1 January 2021</b>	<b>2,570,235.00</b>	<b>3,331,098.18</b>	<b>8,242,976.00</b>	<b>11,574,074.18</b>	<b>11,574,074.18</b>	<b>-3,686,083.67</b>	<b>-3,575,017.30</b>	<b>-7,261,100.97</b>	<b>6,883,208.21</b>
Allocation to/withdrawal from reserves						-3,575,017.30	3,575,017.30		0.00
Net loss for the year							-3,136,937.91	-3,136,937.91	-3,136,937.91
<b>As of 30 June 2021</b>	<b>2,570,235.00</b>	<b>3,331,098.18</b>	<b>8,242,976.00</b>	<b>11,574,074.18</b>	<b>11,574,074.18</b>	<b>-7,261,100.97</b>	<b>-3,136,937.91</b>	<b>-10,398,038.88</b>	<b>3,746,270.30</b>
<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 year							-3,487,434.10	-3,487,434.10	-3,487,434.10
<b>As of 30 June 2022</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>-15,612,428.62</u></b>	<b><u>-3,487,434.10</u></b>	<b><u>-19,099,862.72</u></b>	<b><u>36,212,013.34</u></b>

# Pyrum Innovations AG, Dillingen/ Saar

## Consolidated cash flow statement for the financial half year 2022

	01.01.-30.06.2022 EUR	01.01.-30.06.2021 EUR
Net income/loss for the period	-3,487,434	-3,136,938
Depreciation, amortisation of non-current assets / reversals of write-downs of non-current assets	1,278,250	707,805
Increase/decrease in provisions	77,060	1,078,999
Increase/decrease in inventories, trade receivables and other assets not related to investing or financing activities	-754,168	-342,172
Increase/decrease in trade payables and other liabilities not attributable to investing or financing activities	457,032	34,359
Profit/loss from the disposal of non-current assets	-9,999	-22,473
Interest expenses/income	96,568	94,340
Miscellaneous other income not attributable to cash flow from operating activities	-807,343	-450,604
<b>Cash flow from operating activities</b>	<b>-3,150,034</b>	<b>-2,036,684</b>
Payments for investments in non-current assets	-4,004	-21,428
Proceeds from disposals of property, plant, and equipment	10,000	58,151
Payments for investments in property, plant, and equipment	-11,771,171	-688,843
Interests received	128	75
<b>Cash flow from investing activities</b>	<b>-11,765,047</b>	<b>-652,045</b>
Payments from the redemption of (financial) loans	-228,533	-330,319
Proceeds from grants/subsidies received	262,157	153,109
Interests paid	-96,696	-84,512
<b>Cash flow from financing activities</b>	<b>-63,072</b>	<b>-261,722</b>
<b>Net change in cash funds</b>	<b>-14,978,153</b>	<b>-2,950,451</b>
Cash funds at beginning of period	34,239,010	9,531,569
<b>Cash funds at end of period</b>	<b>19,260,857</b>	<b>6,581,118</b>

## **Condensed notes to the consolidated financial statements of Pyrum Innovations AG for the first half of the financial year as of 30 June 2022**

### **I. General Disclosures on Pyrum Innovations AG and the Group**

The parent company, Pyrum Innovations AG, Dillingen/Saar, was founded as a limited liability company under German law (*Gesellschaft mit beschränkter Haftung*) on 10 September 2008. It was transformed into a stock corporation (*Aktiengesellschaft*) by way of resolution of 18 August 2017.

It is entered in the commercial register of the Saarbrücken Local Court under HR B 104458.

Since 30 September 2021, Pyrum Innovations AG has been listed in the Euronext Growth market segment of the Oslo stock exchange in Norway. Since 30 March 2022, it has had a secondary listing in the Scale market segment of Deutsche Börse AG at the Frankfurt stock exchange. Neither segment is an organised market as referred to by section 11(2) of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act). Pyrum Innovations AG is therefore not a listed company as referred to by section 264d of the *Handelsgesetzbuch* (HGB – German Commercial Code).

The interim consolidated financial statements of Pyrum Innovations AG and its subsidiary were prepared in accordance with the regulations of sections 290 et seq. HGB in compliance with the standards of the German Accounting Standards Committee.

The presentation of the consolidated balance sheet and the consolidated income statement are prepared in accordance with the regulations for large corporations. The consolidated income statement was prepared in line with the total cost (nature of expense) method. The consolidated cash flow statement was prepared in accordance with German Accounting Standard DRS 21. The consolidated statement of changes in equity was prepared in accordance with German Accounting Standard DRS 22. German Accounting Standard DRS 18 on deferred taxes was applied with the early adoption of Amending German Accounting Standard DRÄS 11.

The interim consolidated financial statements were also prepared in accordance with the principles of German Accounting Standard DRS 16. The comparative figures of the previous period in the balance sheet refer to 31 December 2021 and in the income statement to the first half of the 2021 financial year (1 January 2021 – 30 June 2021).

The interim consolidated financial statements are presented in euro. The financial year of Pyrum Innovations AG and of the Group is the calendar year. The reporting date of the interim consolidated financial statements is 30 June 2022.

## **II. Consolidated Group**

### **Fully consolidated companies**

The subsidiary Pyrum Innovations International S.A., Schengen, Luxembourg, is included in the consolidated financial statements. It has been a subsidiary of Pyrum Innovations AG since 7 October 2021 (date of first-time consolidation).

### **Associates**

REVALIT GmbH, in which Pyrum Innovations AG holds a share of 25% of the capital and voting rights, was founded on 10 June 2022. This company is included in these interim consolidated financial statements for the first time using the equity method.

## **III. Principles of Consolidation**

The assets, liabilities, prepaid expenses, deferred income, income and expenses of the individual companies included in the consolidated financial statements were combined in the consolidated financial statements.

All entities which Pyrum Innovations AG directly or indirectly controls are included in the consolidated financial statements by way of full consolidation.

First-time consolidation is performed in accordance with the purchase method. The assets and liabilities are recognised at fair value as at the date when the company became a subsidiary; however, provisions and deferred taxes are measured in accordance with the applicable German accounting policies. Any excess of assets from first-time consolidation is recognised as goodwill, while a negative difference is reported as a difference from capital consolidation after equity. This procedure also applies to asset deals and contributions.

Intercompany balances were consolidated by the elimination of receivables against the corresponding liabilities between the companies included in the consolidated financial statements.

The consolidation of income and expenses was achieved by offsetting intragroup income against the corresponding expenses. Intercompany profits and losses from transactions between consolidated companies are eliminated.

In line with section 306 HGB, deferred taxes from differences between the carrying amounts of assets and liabilities in the consolidated balance sheet and their tax carrying amounts that are expected to reverse in future are recognised accordingly as deferred tax assets and liabilities in the consolidated balance sheet.

Equity investments not controlled but significantly influenced by Pyrum Innovations AG or another Group company are included in the consolidated financial statements as shares in associates accounted for using the equity method in accordance with sections 311 et seq. HGB. The equity investment is initially carried at acquisition cost under financial assets. Any difference between the acquisition cost and Pyrum Innovations AG's share in the balance sheet equity of the associate is allocated to hidden reserves and liabilities and carried forward; any remaining difference is carried forward according to the principles of goodwill. Pyrum Innovations AG's share in the profit or loss of the associate is recognised in the consolidated income statement together with the expenses and income from the subsequent measurement of the difference.



#### IV. Accounting Policies

The accounting policies are applied uniformly and consistently in the interim consolidated financial statements.

Purchased intangible assets are carried at acquisition cost less amortisation if applicable.

Internally generated intangible assets are reported at production cost. They are amortised over their useful life from the time of their completion. Capitalisation commences as soon as the development phase for an asset that will be individually usable after completion has begun, there is a high probability of completion and the development costs can be reliably allocated.

Goodwill from the acquisition of companies and first-time consolidation is capitalised and written down over the expected useful life.

Tangible fixed assets are reported at acquisition or production cost less depreciation if applicable.

Subsequent acquisition or production costs are capitalised if the scope, function or performance of technical equipment in operation is significantly expanded. Depreciation and amortisation are recognised on a straight-line basis over the remaining useful life.

The production cost of tangible and intangible assets includes direct costs of materials, direct labour costs and overheads, depreciation/amortisation of the fixed assets used and appropriate amounts of administrative overheads. Borrowing costs are not included in the cost of production.

Depreciation and amortisation are recognised on a straight-line basis over the expected useful lives of the assets. The following useful lives are assumed:

	Years
Buildings on third-party land	14 to 20
Patents, licences, expertise	10.6
Technical equipment and machinery	5 to 10
Equipment and facilities	4 to 11
Internally generated intangible assets	5
Computer software	5
Computer hardware	3 to 5

Low-value assets of up to EUR 1,000.00 are written down in full in the year of their acquisition.

Financial assets are capitalised at acquisition cost including incidental purchase costs. They are written down to the lower fair value in the event of permanent impairment.

Raw materials, consumables and supplies are carried at acquisition cost. Work in progress and finished goods are carried at production cost. Inventories are written down to their fair value at the balance sheet date.

Receivables and other assets are recognised at their nominal value and measured taking all discernible risks into account.

Other provisions are recognised for all uncertain liabilities and expected losses from onerous contracts. All discernible risks are taken into account. Provisions are measured at the amount required to settle the underlying obligation in line with prudent business judgement. The costs at the expected settlement date of the obligation are taken into account.

Provisions expected to be settled more than one year after the balance sheet date are discounted. The remaining terms estimated for this are based on management forecasts of expected future utilisation, including in particular the medium-term budget planning for plant engineering. The maturity-based discount rates calculated by Deutsche Bundesbank are used for discounting. The

income from discounting and interest effects from changes in interest rate and amended estimates or terms are recognised net as interest income or interest expenses.

Provisions relating to the full financial year are recognised in the half-year financial statements pro rata temporis.

Liabilities are carried at their settlement amount.

Transactions in foreign currency are translated into euro using the exchange rate on the day of the transaction. In the balance sheet, foreign currency receivables and liabilities with a remaining term of up to one year are translated into euro at the average spot exchange rate on the reporting date. Foreign currency receivables and liabilities with a remaining term of more than one year are translated using the closing rate or the lower/higher rate on the transaction date.

The functional currency of both Group companies is the euro; the currency translation of the single-entity financial statements of the Group companies is not necessary.

Sales are recognised on delivery or completion of the service.

Income from government grants is recognised when commitments are made or grant agreements signed and to the extent that the activities funded are performed. Income from grants for assets for which capitalisation is required is recognised in full as income as at the date that the asset is completed or commences operations; it is not recognised pro rata temporis in line with the useful life of the asset.

The income is reported as other operating income; claims to realised subsidies are reported as other assets; funds already received but not yet realised are reported as other liabilities.

## V. Balance Sheet Disclosures

### 1. Fixed assets

The development of the individual items of fixed assets is shown in the consolidated statement of changes in fixed assets below with disclosures on depreciation and amortisation for the financial year.

Total research and development expenses amounted to EUR 620 thousand in the first half of the year. EUR 4 thousand of this amount related to internally generated intangible assets.

The purchased industrial and similar rights and assets capitalised in conjunction with first-time consolidation in the 2021 consolidated financial statements comprise the two patents owned by Pyrum Innovations International S.A. for the recycling of end-of-life tyres and the expertise acquired in applying this process by the end of 2017 under a research services agreement between Pyrum Innovations International S.A. and Pyrum Innovations AG. These are written down on a straight-line basis over the remaining period of patent protection for the two patents.

Payments on account and assets under construction of EUR 10,877,855.45 (previous year: EUR 2,521,472.86) essentially break down as follows:

		<u>30 Jun. 2022</u> EUR	<u>31 Dec. 2021</u> EUR
Pyrolysis line 2 and 3	Start of project 2020	9,478,117.71	1,724,128.74
Pelletiser	Start of project 2020	1,283,016.21	506,039.02

Construction on pyrolysis lines 2 and 3 to extend the plant at the company's headquarters in Dillingen began in September 2021. Binding orders were placed for key core components, such as the reactors, tyre shredder, halls, underground tanks, silos and gas turbines.

**Consolidated Gross Statement of Changes in Non-current Assets as of 30 June 2022**

	Acquisition and production costs					Cumulative depreciation and amortisation				Book value	
	1 January 2022	Additions	Disposals	Reclassifications	30 June 2022	1 January 2022	Additions	Disposals	30 June 2022	30 June 2022	31 December 2021
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<b>I. Non-current intangible assets</b>											
1. Self-created rights and licences in such rights	99,875.19	4,003.60	0.00	0.00	103,878.79	1,665.19	10,165.60	0.00	11,830.79	92,048.00	98,210.00
2. Acquired rights and licences in such rights	7,522,152.76	0.00	0.00	0.00	7,522,152.76	242,575.49	442,822.55	0.00	685,398.04	6,836,754.72	7,279,577.27
	<b>7,622,027.95</b>	<b>4,003.60</b>	<b>0.00</b>	<b>0.00</b>	<b>7,626,031.55</b>	<b>244,240.68</b>	<b>452,988.15</b>	<b>0.00</b>	<b>697,228.83</b>	<b>6,928,802.72</b>	<b>7,377,787.27</b>
<b>II. Property, plant, and equipment</b>											
1. Land and buildings on leasehold property	1,081,355.09	2,944,720.50	0.00	0.00	4,026,075.59	33,024.84	25,803.91	0.00	58,828.75	3,967,246.84	1,048,330.25
2. Technical equipment and machinery	9,572,920.84	40,741.31	0.00	61,095.40	9,674,757.55	5,125,128.84	643,244.71	0.00	5,768,373.55	3,906,384.00	4,447,792.00
3. Other equipment, operating and office	1,480,766.29	297,127.25	19,900.00	71,104.27	1,829,097.81	433,755.97	156,213.53	19,899.00	570,070.50	1,259,027.31	1,047,010.32
4. Advances paid and assets under construction	2,521,472.86	8,488,582.26	0.00	-132,199.67	10,877,855.45	0.00	0.00	0.00	0.00	10,877,855.45	2,521,472.86
	<b>14,656,515.08</b>	<b>11,771,171.32</b>	<b>19,900.00</b>	<b>0.00</b>	<b>26,407,786.40</b>	<b>5,591,909.65</b>	<b>825,262.15</b>	<b>19,899.00</b>	<b>6,397,272.80</b>	<b>20,010,513.60</b>	<b>9,064,605.43</b>
<b>III. Non-current financial assets</b>											
Shares in associates	0.00	25,000.00	0.00	0.00	25,000.00	0.00	2,000.00	0.00	2,000.00	23,000.00	0.00
	<b>22,278,543.03</b>	<b>11,800,174.92</b>	<b>19,900.00</b>	<b>0.00</b>	<b>34,058,817.95</b>	<b>5,836,150.33</b>	<b>1,280,250.30</b>	<b>19,899.00</b>	<b>7,096,501.63</b>	<b>26,962,316.32</b>	<b>16,442,392.70</b>

## **2. Current assets, prepaid expenses**

Inventories primarily comprise intermediate and finished products from the operation of the plant in Dillingen and customer orders in progress.

In these financial statements, the production costs of the intermediate and finished products from the tyre recycling plant in Dillingen were remeasured in light of the knowledge obtained from the continuous plant operation since May 2020. The new, higher carrying amounts primarily affected the main products pyrolysis coke and pyrolysis oil; in the case of pyrolysis coke, they were only applied to the stock produced since the successful conclusion of the ISCC+ certification in April 2022.

There are no trade receivables with a remaining term of more than one year.

EUR 7,668.31 (previous year: EUR 11,442.46) of other assets have a remaining term of more than one year.

## **3. Equity**

The development of consolidated equity is shown in the consolidated statement of changes in equity.

## **4. Share capital, authorised capital**

On 30 June 2022, the share capital of Pyrum Innovations AG consists of 3,253,735 bearer shares in total, each with a nominal amount of EUR 1.00.

By way of resolution of the Annual General Meeting on 28 April 2021, the Executive Board was authorised, with the approval of the Supervisory Board, to increase the share capital up to a total amount of not more than EUR 771,070.00 in return for cash or non-cash contributions, once or in tranches, until the end of 27 April 2026. Shareholders' pre-emption rights can be disapplied under certain conditions.

Following the successful private placement in connection with the listing on Euronext Growth in Oslo, Norway, on 30 September 2021, the share capital was increased by EUR 683,500.00 by issuing 683,500 new shares in return for cash contributions.

On 30 June 2022, the authorised capital still amounts to EUR 87,570.00, equivalent to 87,570 shares.

## **5. Capital reserves**

The capital reserves are still held in full by the parent company.

The capital reserves in accordance with section 272(2) no. 1 HGB amount to EUR 43,815,165.06 as at 30 June 2022 and are unchanged as against 31 December 2021.

The capital reserves in accordance with section 272(2) no. 4 HGB amount to EUR 8,242,976.00 as at 30 June 2022 and are unchanged as against 31 December 2021.

## **6. Contingent capital, convertible loan**

By way of resolution of the Annual General Meeting on 9 September 2020, the Executive Board was authorised to issue convertible bonds of EUR 6,600,000.00 with a coupon of 3% until 31 December 2024. Shareholders' direct pre-emption rights were disapplied. BASF Antwerpen NV is permitted to subscribe to the convertible bond.

The Annual General Meeting on 9 September 2020 also resolved a contingent increase of the share capital of Pyrum Innovations AG of EUR 199,576.00 (Contingent Capital 2020/I). The contingent capital increase will only be carried out to the extent that the holder of the convertible bonds is permitted to exercise and actually exercises its conversion right.

On 9 September 2020, the Executive Board of Pyrum Innovations AG, with the approval of the Supervisory Board and Pyrum Innovations International S.A. as the joint and several debtor, entered into a convertible loan agreement of EUR 7,000,000.00 with BASF Antwerpen NV. EUR 6,600,000.00 of the convertible loan agreement relates to Pyrum Innovations AG and EUR 400,000.00 to Pyrum Innovations International S.A. The loan bears interest at 3% p.a. The loan will be paid out in tranches on the achievement of certain milestones. The term of each tranche is 10 years. Repayment starts at the beginning of the third year after extension of the loan. Ordinary termination is not permitted. The lender is authorised to terminate the loan for cause. The lender's option of conversion into shares in accordance with the above conversion ratio only applies in the event of termination for cause. The nominal amount for the shares arising on conversion is to be settled in cash. The conversion agreement stipulates dilution protection. The loan liabilities have been subordinated by a corresponding clause.

As the conversion right associated with the loan can only be exercised on termination for cause and the other loan terms are deemed to be in line with market conditions, this conversion right is not assigned a distinct economic value that would have to be transferred to the capital reserves in accordance with section 272(2) no. 3 HGB.

Unchanged as against 31 December 2021, a tranche of EUR 2,000,000.00 of the convertible loan has been extended as at 30 June 2022; EUR 1,880,000.00 of the convertible loan relates to the parent company. The loan is reported under other liabilities.

## 7. Restriction on distribution in accordance with section 268(8) HGB

The total amount subject to a restriction on distribution in accordance with section 268(8) HGB is EUR 92,048.00 and relates to the capitalisation of internally generated intangible fixed assets.

## 8. Provisions

Other provisions break down as follows:

	30 Jun. 2022	31 Dec. 2021
	EUR	EUR
Obligations from cooperation agreements	1,772,165.04	1,859,116.94
Inventor remuneration (Pyrum S.A.)	987,010.99	985,076.94
Provisions for personnel	224,500.00	170,200.00
Preparation of financial statements, audits, legal and consulting expenses	326,743.75	328,500.00
Outstanding invoices, other	248,034.00	138,500.00
	<u>3,558,453.78</u>	<u>3,481,393.88</u>

Long-term obligations from cooperation agreements result from the construction phase of the first plant in Dillingen. Multiple cooperation partners have deferred claims to remuneration until the completion of the subsequent plants. In conjunction with the construction of pyrolysis lines 2 and 3 in Dillingen, claims were made on some of these obligations when orders were placed for new plant components in the 2022 financial year.

There is an agreement with the inventor of the tyre pyrolysis process to the effect that the inventor will receive remuneration of EUR 1,000,000.00 based on the profits of Pyrum Innovation International S.A. The obligation has been recognised in the consolidated financial statements at discounted presented value based on when this is likely to occur.

On 4 August 2020, Pyrum AG had entered into an engagement agreement with a consulting firm for assistance in a bond issuance that was planned at the time. Following the capital increase and the private placement in Oslo in September 2021, the then contractual partner claimed a receivable of EUR 2,050,694.80 in October 2021, on the grounds that the agreement also related to assistance in the equity transaction. The consulting firm filed suit with the Munich regional court after Pyrum Innovations AG dismissed the claim. The Executive Board considers the claim and the lawsuit to be unfounded and has therefore merely recognised provisions for its own anticipated court and legal costs.

## 9. Liabilities

The Group's liabilities break down as follows:

	Remaining term of less than one year		Remaining term of more than one year	
	30 Jun. 2022	31 Dec. 2021	30 Jun. 2022	31 Dec. 2021
	EUR	EUR	EUR	EUR
Liabilities				
to banks	270,352.64	202,216.33	1,202,150.11	1,366,842.62
from advance payments	1,940.00	0.00	0.00	0.00
Trade payables	1,708,657.65	1,138,203.44	847,852.54	1,087,636.98
of which hire-purchase liabilities	475,765.87	468,319.07	847,852.54	1,087,636.98
Other	678,918.88	836,982.12	3,264,872.29	3,508,325.86
of which convertible loan	187,500.00	3,750.00	1,812,500.00	1,996,250.00
of which other loans	138,210.76	127,030.41	1,452,372.29	1,512,075.86
of which from government grants	166,944.44	583,908.83	0.00	0.00
of which taxes thereof social security	76,346.62	41,916.73	0.00	0.00
<b>Total</b>	<b>2,659,869.17</b>	<b>2,177,401.89</b>	<b>5,314,874.94</b>	<b>5,962,805.46</b>

Liabilities with a remaining term of more than five years amount to EUR 1,691,761.22 (previous year: EUR 1,805,453.43).

Liabilities to banks of EUR 721,372.41 are secured by mortgages on fixed assets. Liabilities of EUR 115,622.70 are secured by cash; they relate exclusively to the parent company.

Hire-purchase liabilities of EUR 1,323,618.41 are secured by retentions of title or the assignment of fixed assets as collateral.

A manufacturer loan of EUR 351,909.47 (previous year: EUR 414,938.06) reported under other liabilities is secured the assignment of the asset as collateral.

The other loans reported in other liabilities of EUR 1,238,673.58 (previous year: EUR 1,224,168.21) have been granted by shareholders of the company. They are unsecured, have terms of up to four years and interest rates of between 2.5 and 6.0%.

## 10. Off-balance sheet financial commitments

There are other financial commitments in addition to the liabilities shown in the balance sheet.

Lease obligations:	EUR '000
Due 2022	96
Due 2023	55
Due 2024	16
	167

The purchase commitment from purchase agreements for plant components amounts to EUR 9.7 million.

Contingent liabilities in connection with the cooperation agreements amount to EUR 341 thousand. The Executive Board of Pyrum Innovations AG considers it unlikely that claims will be made on these contingent liabilities as it is currently expected that it will be possible to use all the related components in other systems.

## VI. Income Statement Disclosures

Sales break down as follows:

	<u>H1 2022</u> EUR	<u>H1 2021</u> EUR
Operation of the recycling plant	446,285.10	391,533.42
Rental income	27,917.76	0.00
Other sales	11,262.73	6,360.61
	<u>485,465.59</u>	<u>397,894.03</u>

Sales are generated with customers in Germany and the European Union; the transaction currency is the euro.

The other own work capitalised in the current 2022 financial year of EUR 8,494,890.62 essentially results from the expansion and optimisation of facilities in Dillingen/Saar. They primarily relate to the project planning and construction of pyrolysis lines 2 and 3 at EUR 7,753 thousand and to the pelletiser for pyrolysis coke at EUR 712 thousand.

The own work includes the total expense for internally generated tangible assets for the year, primarily comprising the use of materials (EUR 7,775 thousand; previous year: EUR 93 thousand), third-party services (EUR 312 thousand; previous year: EUR 93 thousand) and own work by Pyrum staff measured at full cost (EUR 406 thousand; previous year: EUR 332 thousand).

The other operating income of EUR 916,363.64 (previous year: EUR 754 thousand) essentially includes ongoing research project grants of EUR 807 thousand (previous year: EUR 450 thousand).

Personnel expenses include all wages and salaries of the staff and the Executive Board, expenses for temporary work and mini jobs, and the employer's share of social security costs.

Pension costs amount to EUR 4,065.36 (previous year: EUR 3,804.00).

Other operating expenses break down as follows:

	<u>H1 2022</u> EUR	<u>H1 2021</u> EUR
Private placement, listing and ongoing stock exchange costs	438,001.81	736,246.90
Financial statement, audit, legal and consulting expenses	301,360.60	523,162.29
Repairs and maintenance	286,470.04	431,368.72
Rent for land and buildings and incidental expenses	143,812.16	111,283.24
Insurance, contributions, levies	155,974.53	49,910.58
Vehicle costs	113,637.20	89,566.04
Miscellaneous operating expenses	<u>330,580.40</u>	<u>239,717.47</u>
	1,769,836.74	2,181,255.24

Legal and consulting expenses also include technical, economic and tax consulting and analysis.

The extraordinary expenses comprise the expenses for the secondary listing in the Scale segment of Deutsche Börse AG (Frankfurt stock exchange) of EUR 288,250.00.

The interest expenses essentially served to finance fixed assets. The expenses for interest on long-term provisions amount to EUR 4,982.15 (previous year: EUR 0.00) in the consolidated financial statements.

### **Related parties**

Related parties have been defined in accordance with IAS 24.

The following are still considered related parties:

- all members of the Executive Board and the companies they control;
- all members of the Supervisory Board and the companies they control;
- all employees at the first level of management below the Executive Board and the companies they control; and

on the basis of the amount of its investment, possibly with other factors: the shareholders BASF Antwerpen NV and Amel Holding S.A.

Pyrum Innovation International S.A. is still a related party as well, and has also been an affiliated company since 7 October 2021. Until completion of the purchase agreement to acquire the property at the company's headquarters, UC Umwelt Consulting Immobilien GmbH, Dillingen/Saar, was also a related party as it is directly controlled by family members of a member of the Executive Board and had a significant business relationship with Pyrum Innovations AG in the form of a lease for land. It will no longer be carried as a related party.

All transactions with related parties are entered into and carried out at arm's length.

Key transactions and relationships with related parties are described below:

Unchanged as against 31 December 2021, a tranche of EUR 2,000,000.00 of the BASF convertible loan has been extended as at 30 June 2022; EUR 1,880,000.00 of the convertible loan relates to the parent company. The loan is reported under other liabilities.

Pyrum Innovations AG previously had a lease with UC Umwelt Consulting Immobilien GmbH for office and commercial space. In the reporting period, the land at the company's headquarters was acquired for a purchase price of EUR 2,750 thousand on the basis of an expert opinion. The lease thus ceased to apply as at 1 April 2022.



## VII. Cash Flow Statement

Cash funds break down as follows:

	30 Jun. 2022	31 Dec. 2021	30 Jun. 2021	31 Dec. 2020
	EUR	EUR	EUR	EUR
Cash-in-hand and bank balances	19,467,860.22	34,446,013.72	6,788,121.46	9,738,572.67
less balances pledged as collateral	-207,003.48	-207,003.48	-207,003.48	-207,003.48
<b>Cash funds</b>	<b>19,260,856.74</b>	<b>34,239,010.24</b>	<b>6,581,117.98</b>	<b>9,531,569.19</b>

A Pyrum Innovations AG bank balance of EUR 207,003.48 has been pledged as collateral for bank loans of Pyrum Innovations AG.

The cash flow from operating activities has been presented using the indirect method.

## VIII. Significant Events after the Balance Sheet Date

In September 2022, a Memorandum of Understanding (MoU) was signed with the company UNITANK Betriebs- und Verwaltungs GmbH, with the aim of jointly building and operating up to ten plants by the year 2030. The technical due diligence has already been successfully completed.

This agreement is of great importance for Pyrum, as the management of Pyrum expects a timely site selection and the award of a pre-engineering contract for the first joint project by the end of the 2022 financial year, as well as the first plant construction contract by the end of 2023.

## **IX. Other Disclosures**

### **1. Employees**

The average number of company employees in the reporting period was 56, of which 24 hourly workers and 32 salaried employees.

### **2. Executive bodies of the company**

#### **The Supervisory Board**

**Alf Schmidt**

Chairman

**Manfred Alt**

Deputy Chairman

**Jürgen Opitz**

**Jürgen Fischer** (until 27 January 2022)

**Matthias Lindner**

**Renata Bandov** (since 14 July 2022)

The Supervisory Board member Matthias Lindner was seconded by the shareholder BASF Antwerpen NV on the basis of the right of secondment added to the Articles of Association on 9 September 2020.

#### **Executive Board**

**Pascal Klein**

Chairman

**Michael Kapf**

Deputy Chairman

**Kai Winkelmann** (since 1 April 2022)

Mr Kai Winkelmann was appointed as a further member of the Executive Board from 1 April 2022 at the meeting of the Supervisory Board on 29 March 2022.

### **Preparation of the consolidated interim financial statements**

The Executive Board has today prepared the consolidated interim financial statements for the period from 1 January to 30 June 2022 and approved them for publication.

### **Pyrum Innovations AG**

Dillingen/ Saar, 29 September 2022

Pascal Klein  
CEO

Michael Kapf  
Member of the Executive Board

Kai Winkelmann  
Member of the Executive Board

## Auditors' Review Report

To Pyrum Innovations AG  
Dillingen / Saar

I have reviewed the condensed interim consolidated financial statements of Pyrum Innovations AG, Dillingen / Saar – comprising the interim consolidated balance, sheet the interim consolidated income statement, the consolidated statement of changes in equity, the consolidated statement of cash flows and the condensed notes – as of 30 June 2022 and for the period from 1 January to 30 June 2022. The preparation of the condensed interim consolidated financial statements in accordance with the requirements of German commercial law applicable to business corporations is the responsibility of the Company's management. My responsibility is to issue a report on the condensed interim consolidated financial statements based on my review.

I performed my review of the condensed interim consolidated financial statements in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and additional application of the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that I plan and perform the review so that I can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the requirements of German commercial law applicable to business corporations.

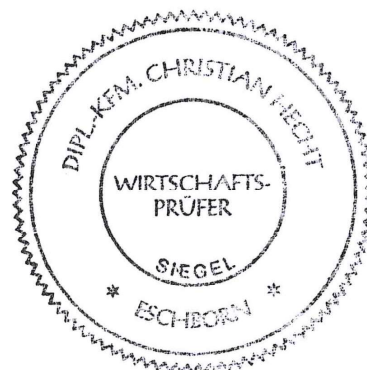
A review is limited primarily to inquiries of parent entity's employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with my engagement, I have not performed a financial statement audit, I cannot issue an auditor's report.

Based on my review, no matters have come to my attention that cause me to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the requirements of German commercial law applicable to business corporations.

Eschborn, 29 September 2022



Christian Hecht  
Wirtschaftsprüfer [German Public Accountant]



**2022 financial calendar**

30 November                      Publication of the quarterly report as of 30 September 2022

**Investor Relations**

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**Legal information**

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