



Financial year 2021
of
Pyrum Innovations AG
Dillingen/Saar

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Pyrum Innovations AG

Reporting for the 2021 financial year

of Pyrum Innovations AG

Dillingen/Saar

Preliminary remark

In the report, we provide information about the business performance of Pyrum Innovations AG in the financial year 2021 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.

Due to its size, Pyrum Innovations AG is a small corporation as defined by the accounting regulations of the German Commercial Code (HGB), so it is not obliged to prepare a management report in accordance with section 289ff. HGB. It is also exempt from the obligation to prepare a group management report in accordance with the size-related relief of section 293 HGB.

The following report does not constitute a management report or group management report in accordance with German commercial law 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.

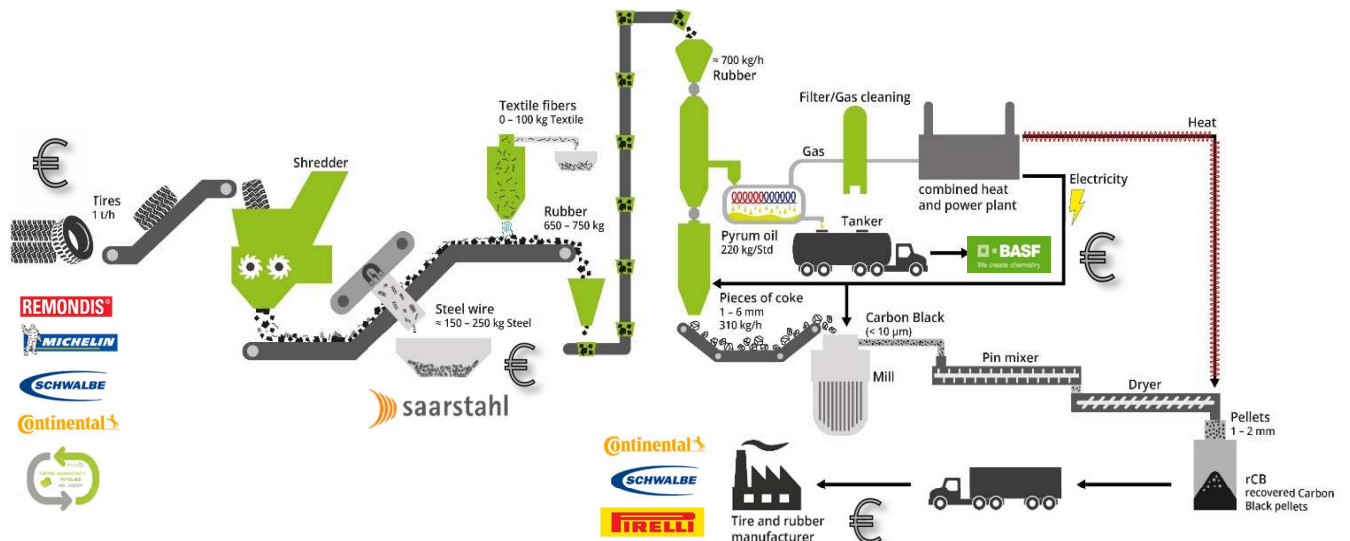
COMPANY – OPERATING ACTIVITIES, COMPETITIVE POSITION AND GENERAL CONDITIONS

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 CO₂ 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, 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 is thus recognised as an official raw material, allowing it to be used in production processes. In addition, Pyrum has obtained ISCC PLUS certification for its pyrolysis oil and rCB. 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 the same year, our company was nominated for the 'Grand Prix Mittelstand' by the German state of Saarland.

Value chain

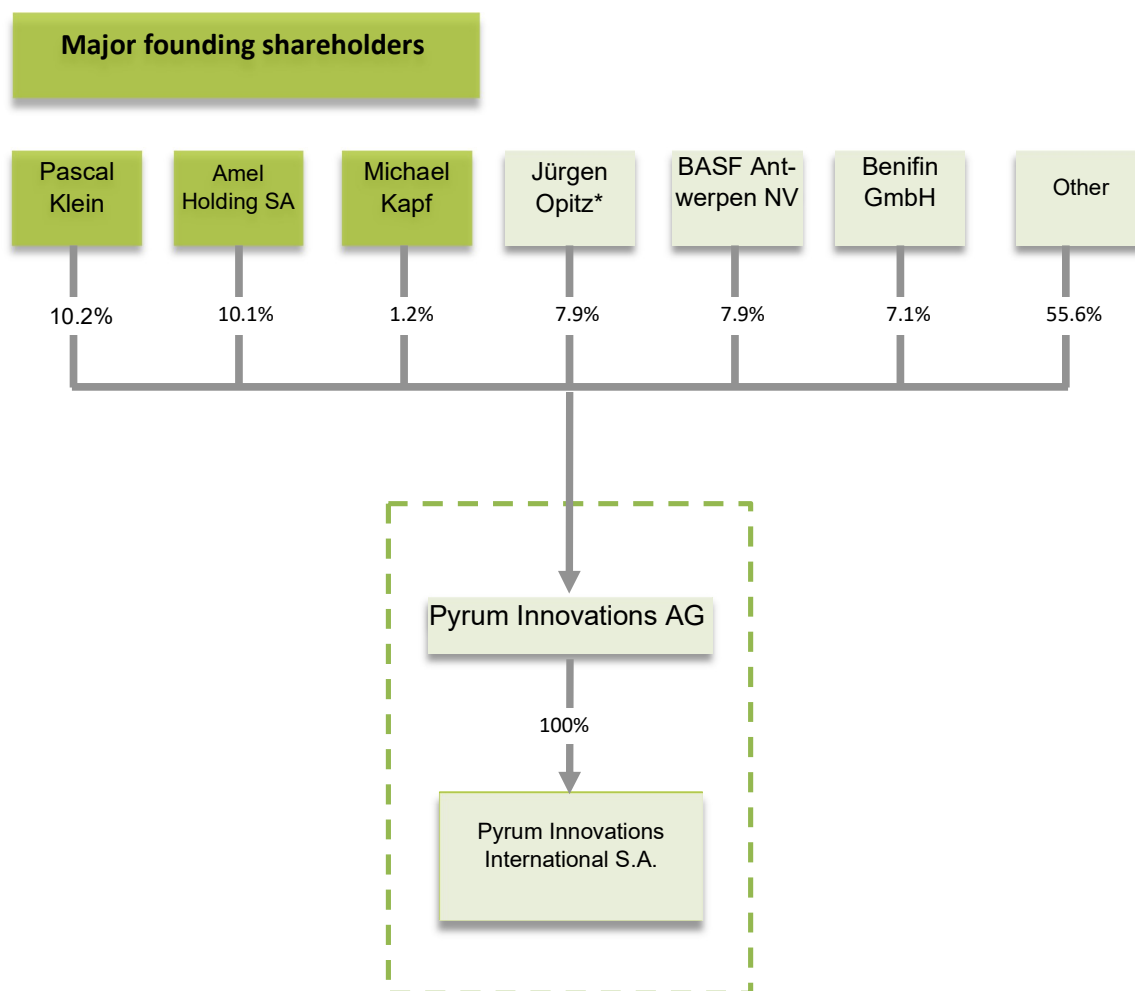


This diagram illustrates the individual process stages at Pyrum pyrolysis plants as well as the interfaces with own use and the purchasers of the individual recycling products, exemplified by the processing of one tonne of delivered end-of-life tyres.

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 covers 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.

Major shareholders as of 31 December 2021



Before the private placement in Oslo, Pyrum Innovations AG was held by 60 shareholders.

As of 31 December 2021, approximately 1,900 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 all the intellectual property and all patents.
- ▶ Pyrum Innovations AG has licensed all 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

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, pyrolysis oil and gas. Consequently, the company operates in the recycling market for end-of-life tyres. According to a study by Bryan, Garnier & Co, this market is still characterised by a high degree of fragmentation¹. There is not currently a leading company on the European market, and the market for the rCB output is still underdeveloped and therefore offers the company significant opportunities for development. 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 garages, tyre manufacturers, waste disposal firms or local governments. According to the World Business Council for Sustainable Development (WBCSD), 3.4 million tonnes of end-of-life tyres arise every year in Europe only². The global figure is around 30.9 million tonnes. 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 are not recycled in a sustainable manner, which means for example that they are incinerated at cement works 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.

Tightening regulation across the EU or within individual member states is also leading to more restrictive handling of end-of-life tyres. For example, the rising carbon price as a result of European emissions trading means that the incineration of end-of-life tyres is becoming much more expensive as time goes on. In addition, disposing of end-of-life and shredded tyres in landfill is now prohibited in the EU. Countries such as Belgium, Finland, Norway and Sweden have also forbidden the incineration of rubber products and the use of shredded tyre granulate in the open – e.g. on playgrounds or sports grounds. Finally, approaches such as extended producer responsibility (EPR) require producers and distributors of products to consider the post-consumer phase of a product and thus enable a functioning circular economy. The EU is thus responding to the increasing scarcity of resources and incorrect handling of waste, with mostly negative consequences for people and the environment.

On the other hand, Pyrum Innovations AG is seeing growing demand for its sustainably produced raw materials such as pyrolysis oil and rCB. Carbon black is used as a raw material in numerous sectors, for example in the tyre industry for the production of new tyres, but also in the plastics and electronics industries. The growing demand for recovered carbon black is driven by the fact that many international tyre manufacturers have ambitious sustainability targets. In 2020, around 68% of carbon black used worldwide was processed by tyre manufacturers, but rCB accounted for less than 1% of this³. The Continental Group, for example, with which Pyrum has concluded a joint development

¹ Bryan, Garnier & Co: Tire pyrolysis – Solving a global environmental issue

² World Business Council for Sustainable Development: Global ELT Management (2019)

³ Ceresana Market Research: Carbon Black Market Report

agreement to further optimise and expand the recycling of end-of-life tyres by means of pyrolysis, has set itself the target of using 100% sustainably produced materials in its tyre production by 2050⁴. The same target is pursued by the French tyre manufacturer Michelin, with which Pyrum is conducting research into a circular economy for the efficient recycling of end-of-life tyres in the EU-funded BlackCycle project⁵. In addition, the war in Ukraine is currently also driving an increase in demand for carbon black, as before the conflict began around 60% of the carbon black processed in Germany was imported from Russia.

According to Transparency Market Research, the market volume for pyrolysis oil was around USD 300 million in 2020, equating to a market share of approximately 0.02% of the global crude oil market (with a market volume of around USD 1.4 trillion)⁶. It is assumed that the pressure from consumers and lawmakers to work towards a circular economy will be one of the most important drivers for an increase in pyrolysis oil's market share. By 2031, the global pyrolysis oil market is expected to grow to approximately USD 459 million, which would equate to an annual growth rate (CAGR) of 4%. Pyrolysis oil from end-of-life tyres is suitable for various processes, e.g. as a chemical base material for industrial applications, as a raw material for plastics and as a renewable raw material for fuels. The growing importance of pyrolysis oil is likewise manifested in the purchase agreement that Pyrum concluded with BASF SE in 2020. The aim of the agreement is for BASF to purchase up to 100,000 tonnes of pyrolysis oil a year from Pyrum and the operators of Pyrum plants over the next few years. With the current addition of two new production lines at the Dillingen site, capacity is set to increase to around 4,000 to 5,000 tonnes of pyrolysis oil per year.

Overall, Pyrum Innovations AG operates in a very attractive market. At the same time, Pyrum is in demand both as a sustainable purchaser of the input material end-of-life tyres and as a supplier of sustainably produced raw materials. Pyrum AG intends to play an important role on the rapidly growing recycling market for end-of-life tyres, which is currently still highly fragmented.

⁴ Continental AG: Vision 2030

⁵ Compagnie Générale des Établissements Michelin SCA: The Vision Concept

⁶ Transparency Market Research: Pyrolysis Oil Market Outlook 2031

THE FINANCIAL YEAR 2021

Project status report

Status Expansion Dillingen TAD 2&3



From the current perspective, the construction process for the thermolysis recycling plant 2&3 is in scheduled time.

In the third quarter of 2021, the work to be carried out began with the removal of the surface in the construction area and the associated preliminary construction marking. Groundwork and foundation work for the two new lines, which will be installed in a common thermolysis tower, started in September last year.

After completion of the groundwork and foundation work of the thermolysis tower in December 2021, work began on the stainless steel catch basin required underneath the tower as well as the actual steel construction. The acceptance of the steel construction was delayed by about ten weeks and is expected for mid-June 2022. The reason for this was, on the one hand, Covid-19-related failures at a supplier and, on the other hand, more stringent testing conditions for the catch basin. As this is the final work on the steel construction and the production of the piping construction had already started in week 14, this delay did not affect any subsequent work.

While the thermolysis tower was being erected, the groundworks and foundation work around the tower were completed and the two oil storage tanks, each holding 60,000 litres, were installed at the beginning of April.

At the end of April 2022, the groundwork and foundation work for the two halls and the storage silos in between started. The halls are a hall for the tyre shredding plant (700m²) and a hall for the subsequent refinement of the thermolysis coke with the help of a grinding and agglomeration plant (600m²).

The construction work for the two halls is expected to start on 27 June 2022 and will last approximately nine weeks. The shredder manufacturer ELDAN Recycling A/S is expected to start setting up the new tyre shredding plant in one of the two new halls in week 40 over a period of around five weeks.

Between the two halls there will be four storage silos with a capacity of 130m³ per silo. Two silos each will be used to store untreated thermolysis coke, which will come directly from the thermolysis plant, and to store the refined rCB. The silos are expected to be erected in week 36 immediately after the hall has been set up and will take about three weeks.

Parallel to the construction of the silos by Wilhelm Kurz & Söhne GmbH & Co. KG, the necessary groundworks and foundation work for various ancillary facilities will be carried out. These include the preparatory work for the combustion chamber (delivery expected in week 38), the micro gas turbines (delivery from week 39), the soda scrubber (week 48), and the work for the supply facilities such as the medium-voltage transformer station (delivery week 46), nitrogen supply (delivery week 40) and compressed air supply (week 42).

The first commissioning work on the entire plant is scheduled for November 2022.

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 create additional recycling capacity at additional sites in the short term.

To better understand the status of the projects, it is important to know what we understand to be involved in planning a project before it can be classified as a concrete and feasible plant construction project.

The following milestones must be achieved over time:

1. The joint venture partner(s) have been identified and the specific basis of the cooperation has been negotiated (e.g. participation levels, distribution of tasks, etc.).
2. In addition, a final shareholder agreement between the joint venture partner and Pyrum has been negotiated and is ready to be signed.
3. A site and land for the construction of the new recycling plant has been found and secured by the customer/cooperation partner (purchased, reserved or leased). In addition, it has been clarified whether the construction of a new Pyrum plant at the location is possible (assessment of development plan, preliminary building application, etc.).
4. At least 20% equity capital for the construction of the plant is available.

5. An approval conference was held with all authorities involved in the approval process and the specific building project was presented to the authorities. Here it is important that the authorities and the regional administration have a positive attitude towards the planned recycling plant and support the construction. Otherwise, the risk is far too great that a building or operating permit will not be granted or that the approval process will drag on for years.
6. The acquisition and, if applicable, operating company (the special purpose vehicle or "SPV") is legally established between the joint venture partner and Pyrum.

Other important issues concern logistics (delivery of the end-of-life tyres, shipment of products) and securing the complete financing. With these requirements, the Executive Board wants to ensure that a customer order for plant construction is only concluded in a legally binding manner for both sides when the uncertainties regarding approval and financing have been eliminated. Accordingly, the projects commissioned at that time will already be at an advanced stage of planning, which may result in a shorter construction and completion time, accordingly.

In addition to the initial planning and site selection for another Pyrum-owned plant, Pyrum is currently working on eight customer projects (up to 24 Pyrum lines) that are in different project phases, three of these are at an advanced stage. All planned plants are large plants, each with at least three pyrolysis lines as well as the necessary peripheral and pre- and post-processing plants, with a processing capacity of 20,000 tonnes of end-of-life tyres per year. Five potential plant locations are in Germany, one each in Belgium, Ireland and the United Kingdom. The clients or consortium partners are waste management companies, tyre manufacturers and financial investors. In all cases, the establishment of a joint company between Pyrum Innovations AG and the customer is planned, with corresponding participation by Pyrum.

Based on the aforementioned criteria, it is currently too early to be able to estimate probabilities of realisation, as the due diligence and financing discussions with potential customers based on the new technology are still at an early stage.

The Executive Board expects that two or three SPVs will be founded this year and that the plant construction contracts will subsequently be signed. These projects already fulfil four to five of the six criteria.

Research and development

In Pyrum's own interest, research and development is one of our core competencies. The activities serve to improve our own know-how and our own products and ensure our technological advantage.

For the exploration of additional application areas for our technology, Pyrum operates an experimental laboratory of its own, which alongside the advancement of the application areas for our own technology 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.

Pyrum is currently conducting the following R&D projects:

ZIM (Zentrales Innovationsprogramm Mittelstand)-PUR

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

The aim of the project is to develop a two-stage recycling process for end-of-life polyurethane combined from hydrothermal carbonisation (HTC) with subsequent pyrolysis and accompanying analysis for closing the loop and product recovery. The focus is on the production of products and their testing for suitability as saleable raw materials such as carbon black, expanded graphite and activated carbon. Furthermore, liquid products from the combined process are to be used as substitutes for fossil raw materials.

The team from Pyrum Innovations AG is responsible for the second thermal treatment of the combined recycling process. Here, the pyrolysis process is optimised in a targeted manner to recover valuable raw materials in high quality on a laboratory scale.

The project partners are:

1. Hochschule Trier - Umweltcampus Birkenfeld
2. SBKS GmbH
3. Eurofoam Deutschland GmbH

=> The first part of the series of experiments is complete; products have been characterised, pyrolysis process parameters optimised and adjusted to full decomposition.

There is an ongoing, active dialogue with a major chemicals company regarding the use of the acquired pyrolysis oil.

ZIM-Schwalbe

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

In contrast to car and truck tyres, worn-out bicycle tyres are currently almost exclusively disposed of in residual waste, and most of them are sent for thermal recycling, which leads to a steadily increasing and irreversible loss of raw materials. Together with Ralf Bohle GmbH (Schwalbe) and Cologne University of Applied Sciences, Pyrum Innovations AG is researching a sustainable solution to this problem. The aim of the cooperation project is to develop a raw material recycling concept for old bicycle tyres in the sense of a closed-loop economy. In addition to production waste, a collection system designed by Schwalbe is to be used to feed used tyres directly from the end user to the pyrolysis process after shredding. The resulting gas can be used to generate electricity so that the entire process can be energy self-sufficient. The pyrolysis oil is intended to serve as a substitute for crude oil in the

chemical industry. The recovered carbon black (rCB) is to be fed back into the manufacturing process for bicycle tyres. Cologne University of Applied Sciences is investigating the incorporation of rCB into rubber compounds for inner tubes for bicycles. The prototypes produced in this way will then be examined by Schwalbe with regard to their product properties.

The Pyrum Innovations AG team focuses on the development of the optimal process parameters for the pyrolytic recycling of bicycle tyres. The aim is to provide high quality products for the best possible use in bicycle tyre production.

The project partners are:

1. Ralf Bohle GmbH
2. Cologne University of Applied Sciences

=> Schwalbe has introduced a logistics system for the return of bicycle tyres. In October 2021, Schwalbe delivered the first 20 tonnes of bicycle tyres to Pyrum. A series of experiments to optimise the process parameters, to acquire high-quality products on a laboratory scale and to characterise the products has already begun.

BlackCycle

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

The goal of the European BlackCycle project is to create a closed-loop economy for the efficient recycling of used tyres. The consortium, represented in five countries, is to develop a sustainable process to recycle recovered materials from scrap tyres back into new tyre production. This includes the collection and selection of raw materials from scrap tyres as well as the optimisation of pyrolysis, oil refining and utilisation.

The Pyrum team focuses on the further development and adaptation of the pyrolysis process on a laboratory and industrial scale. The aim is to obtain products with customised properties for ideal further utilisation with the highest possible quality from end-of-life tyres.

The project partners are:

1. Manufacture Française des Pneumatiques Michelin
2. Aliapur
3. Axelera
4. Ethniko Kentro Erevnas Kai Technologikis Anaptyxis
5. Agencia Estatal Consejo Superior de Investigaciones Cientificas (CSIC)
6. Estado Umweltservice GmbH
7. HERA HOLDING HABITAT, ECOLOGIA Y RESTAURACION AMBIENTAL S.L.
8. International Center for Advanced Materials and raw materials of Castilla y León (ICAMCyL)
9. Institut National de l'environnement et des Risques (INERIS)
10. Orion Engineered Carbons GmbH
11. Quantis Sàrl
12. Sisener Ingenieros SL

=> The basic and detail engineering of the continuous laboratory facility for the recycling of end-of-life tyre granulate (downscaling of the large-scale facility) is already complete.

The distillation system has been selected and acquired, and the peripheral equipment has been designed and constructed. The laboratory premises have been expanded for the operation of these laboratory facilities. The implementation of the series of pyrolysis and distillation experiments on a laboratory scale has been completed. Product samples have already been delivered to project partners. The results have already been successfully translated from laboratory scale to an industrial pyrolysis plant. 10 tonnes of pyrolysis oil were delivered to the project partners in 2021. Further deliveries will be made in 2022.

Infinity

“Technology Transfer Programme Lightweight Construction”

The project started on 1 October 2020 and has a two-year term. The aim of the “Infinity” project is to develop, establish and demonstrate a sustainable process cycle for carbon fibre composite materials using novel recycling technologies, materials and processing methods, as well as the substitution of the carbon fibre primary material with high-quality recycled and bio-based materials for significant CO₂ reduction in lightweight construction.

Pyrum is responsible for the recovery of high-quality carbon fibres (CF). These are processed into rCF tapes in the project consortium, generating a raw materials loop.

The project partners are:

1. Altex Textil-Recycling GmbH & Co. KG
2. Textechno Herbert Stein GmbH & Co. KG
3. Kraus Maffei Technologies GmbH
4. German Institutes of Textile and Fiber Research Denkendorf
5. Fraunhofer IGCV
6. Coriolis Composites GmbH
7. CTC GmbH
8. V-Carbon GmbH

=> The basic and detail engineering of the continuous laboratory facility for the recycling of CFRP is complete. In 2021, a new laboratory container was prepared and equipped with safety mechanisms and a laboratory unit for facility operation. The laboratory facility is under construction.

ÖkoCap

The two-year ÖkoCap project is about researching the economic, technical and ecological potential of recycled carbon fibres (rCF) and rCF nonwovens in comparison to glass fibres, steel or, for example, aluminium. The aim is also to determine the effective relationship between the economic, ecological and technical levels for individual processes and routes in order to be able to identify the effects of various levers (e.g. various process parameters).

Pyrum Innovations AG participates in the ÖkoCap project within working group 1 for the shredding and recycling of carbon-fibre-reinforced plastics. Complementing the Infinity project, a detailed life cycle assessment (LCA) analysis is also being conducted in the ÖkoCap project.

- Investigation of further process parameters for the identification of control levers

- Contribution of new findings to the LCA analysis after completion of the Infinity project
- LCA analysis (as well as profitability analysis) of the scale-up process

The project is being implemented with in-house facilities that are much larger than the usual laboratory facilities. This project enables Pyrum Innovations AG to expand the network in the composite area along the process chain to potential customers and future project partners

=> Initial data on the laboratory facility under construction for CFRP (Infinity project) have been included, which are to feed into a multi-criteria assessment model for researching the economic, technical and ecological potential of rCF and rCF nonwovens in comparison to glass fibres, steel or, for example, aluminium. This assessment model will be used as basis data for the development of an app.

Extracting hydrogen from the pyrolysis process

Pyrum Innovations AG also intends to contribute to the mobility revolution. Among other things, the company is a partner in the “Future Campus Hydrogen” initiated by the district of Saarlouis. The plan is for Pyrum to supply Kreisverkehrsbetriebe Saarlouis GmbH (KVS GmbH) with hydrogen for buses. After initial tests to extract hydrogen from the gas Pyrum obtains by recycling end-of-life tyres using its pyrolysis technology, Pyrum is optimistic that it will be able to offer solutions here. Particularly in the transport sector, various studies predict high demand for hydrogen in the future⁷. This offers Pyrum Innovations AG another new market with great potential.

Pyrum forecasts that the manufacturers of relevant hydrogen buses will be able to deliver on the necessary scale from 2026, so Pyrum can reasonably expect to invest in corresponding large-scale industrial separation technology (separation of hydrogen from pyrolysis gas) from 2025/2026.

⁷ Fraunhofer Institute for Systems and Innovation Research ISI: Metastudie Wasserstoff – Auswertung von Energiesystemstudien (2021)

Overview of economic conditions

According to the International Monetary Fund (IMF, April 2022), global economic growth in 2021 was an estimated 6.1%⁸. After a decline of 3.1% in the previous year, the global economy thus achieved a significant recovery from the COVID-19 pandemic. In the industrialised nations, gross domestic product climbed to 5.2% (previous year: -4.5%). In the countries of the eurozone, economic output increased by 5.3% after -6.4% in the previous year. The German economy saw only slight growth at a rate of 2.8% (previous year: -4.6%). Although the effects of the COVID-19 pandemic palpably weakened in 2021, new virus mutations such as the Omicron variant caused problems for important economic and political decisions. Rising inflation – especially rising raw material and energy prices – as well as material shortages and supply chain disruption were of major importance in 2021.

Around the world, more than 1.6 billion new tyres are sold each year⁹. 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 alone¹⁰. In comparison, Pyrum's pyrolysis plant currently has a capacity of around 6,000 tonnes per year. At the same time, a feasibility study by Chemnitz University of Technology on behalf of the German Tyre Retail and Vulcanisation Trade Association, there is an emerging deficit in available recycling capacity for end-of-life tyres in Germany¹¹. 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 abroad¹². Nevertheless, 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. This is also affecting the regulatory conditions. For example, the incineration of end-of-life tyres involves increasing costs for CO₂ 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.

⁸ IMF: World Economic Outlook Update April 2022

⁹ BlackCycle Project: Press release of 3 September 2020

¹⁰ German Federal Environmental Foundation: Press release of 13 August 2021

¹¹ Chemnitz University of Technology: Neue Nutzungsperspektiven und Anwendungsfelder für Altreifenrecycling

¹² World Business Council for Sustainable Development (WBCSD): Global ELT Management (2019)

Business performance in 2021

In the 2021 financial year, Pyrum again reached some major milestones on the journey to the commercial development of its pyrolysis technology and the commercial roll-out. In the first half of 2021, the focus was on the preparations for the future series production of pyrolysis plants in self-operation and for plant engineering customers. There were also preparations for the capital increase and the private placement in the third quarter of 2021 as well as significant progress with regard to purchasers for rCB in the fourth quarter.

The neighbouring plot was acquired for the site expansion, and the coal grinding, the oil treatment plant and the gas cleaning plant were completed.

The optimisation and the engineering of the expansion at the site in Dillingen/Saar with two new thermolysis production lines (TAD 2 + 3) proceeded as planned on the basis of the know-how acquired from Pyrum plant 1 (TAD 1), in industrial operation since May 2020, so the groundwork for the new reactor towers was able to begin in September 2021.

From May to June 2021, the production output of the pyrolysis plant was reduced due to a temporary fault in one of the two combined heat and power plants, which has since been remedied. However, this was used to implement additional test runs and new configurations. The new knowledge thus obtained was taken into account in the plant design for series production, so that future plants will be designed to be larger in terms of the power generation capacity of the power plants. Ongoing operations since May 2020 have shown that, at full capacity, the reactors produce more gas than originally assumed, so the current design with two combined heat and power plants per reactor limits the reactors' production output by approximately 50%, as the extra gas would have to be burned off, which is neither ecologically sustainable nor permitted. These restrictions are eliminated in the new plants (TAD 2 and TAD 3).

Pyrum has again made technical advancements. For example, modifications were made to the reactor discharge system in order to increase the hourly production output of the existing plant (TAD 1). After a three-month planning, design, construction and test phase, operation began in the fourth quarter of 2021. Initial results show an additional increase in hourly production capacity of around 10%. The values still have to be confirmed and result from initial projections. At the latest, final results will be obtained when the expanded TAD 2 and TAD 3 plants commence regular operations in the first quarter of 2023.

After the extended maintenance and modification shutdown in June/July, it was also possible for the first time to run the pyrolysis process continuously for ten weeks without maintenance stops and to significantly reduce the subsequent maintenance phase from the previous three weeks to two weeks thanks to process optimisations.

With regard to commercialisation and future plant deliveries to customers, a new plant control user interface was designed and programmed, which ensures user-friendly operation of Pyrum plants and makes it easy to train operating personnel.

To improve the quality of commercialisation of the rCB produced by Pyrum, an in-house pelletiser was designed and tested at laboratory scale. The planning, design and engineering were completed, and the industrial plant was ordered from NEA (Neumann & Esser) as general contractor. In addition, a cooperation agreement was concluded with NEA with regard to future plants.

On the supplier side, in addition to various tyre repair shops, a recycling agreement was concluded with Michelin Deutschland for the recycling of rubber waste from the Michelin plant in Homburg/Saar.

Pyrum was nominated for the 'Grand Prix Mittelstand' as one of the best SMEs in Germany. Pyrum was nominated both by the district of Saarlouis and by the Saarland Ministry of Economics.

In anticipation of the imminent expansion and the roll-out plan, Pyrum has strengthened its workforce and invested in all areas. The Pyrum technology is ready for the transition to series production and the new technical staff were trained for the development and operation of additional plants in project management.

At the end of July 2021, Pyrum was the first company in the tyre pyrolysis sector to receive ISCC+ certification (International Sustainability & Carbon Certification). Like when it obtained REACH certification, Pyrum is again proud to be the first company certified in this segment and thus reaffirm its role as a trailblazer.

On 15 September 2021, approval was granted for the early start of construction in accordance with the German Federal Immission Control Act (BImSchG) to expand the existing plant in Dillingen/Saar with two additional pyrolysis plants and peripheral equipment. A binding order was made for the core components of the plant expansion, and construction began. The official ground-breaking ceremony took place on 25 November 2021. The material plant components for the investment project were ordered before the outbreak of the Ukraine war at the prices valid at the time. The suppliers have indicated that the delivery times should be met.

With regard to purchasers for pyrolysis products, new partnerships were agreed in particular with Continental, Pirelli and Ralf Bohle GmbH ("Schwalbe" bicycle tyres), which, in addition to the existing pyrolysis oil purchase agreement with BASF, will secure the basis for confirmed purchases of rCB, currently produced in large volumes and expected to be produced in large volumes in the future, at attractive prices in the long term. Advanced talks have already been initiated with other potential purchasers, including outside the tyre industry.

Capital measures

In a private placement with institutional investors, Pyrum Innovations AG generated the funds required to implement the commercial roll-out plan. On 30 September 2021, the company's shares were included in Euronext Growth trading in Oslo as depositary receipts, which represent beneficial ownership of the underlying shares. The issue proceeds of NOK 416,935,000, less the placement costs agreed with Pareto Securities AS, the underwriting bank, were paid into Pyrum Innovations AG's account. The company received EUR 39,369,000.

As part of the private placement, Continental Reifen Deutschland GmbH, a subsidiary of Continental AG, was also brought on board as a shareholder. The shareholding gave rise to new opportunities with regard to feedstock, the potential construction of shared plants, and purchasers for rCB.

Following the private placement, Pyrum Innovations International S.A., which holds the patents relating to the thermolysis process and apparatus and the thermal reactor, became a wholly owned subsidiary of Pyrum Innovations AG.

Results of operations in 2021

Because Pyrum Innovations AG's business model and thus operating revenue not only include the operation of its own recycling plant, but also in particular the construction of pyrolysis plants for its own operations and in future also for plant engineering customers, gross revenue is the most meaningful indicator of the operating revenue of the company and the group. This indicator comprises the sales arising primarily from the operation of the plants (including remuneration for accepting end-of-life tyres and the sales proceed from the products of the pyrolysis process) and from incidental income, the increases and decreases in work in progress and finished goods measured at production cost and other own work capitalised, likewise measured at production cost, including internally generated plants for own operations.

Especially in the long-term production of customer plants, gross revenue reflects the value added in production in each reporting period, while sales from the respective customer order are agglomerated in the period of completion.

Unless otherwise stated, the following account of the results of operations relates to the consolidated financial statements. The figures for the past financial year are followed by the respective figures for the previous year in brackets.

Gross revenue for the 2021 financial year increased by 106% to EUR 3,701,000 (EUR 1,793,000). It primarily comprises own work capitalised of EUR 2,807,000 (EUR 1,175,000) and the increased sales of EUR 922,000 (EUR 663,000).

The sales increase from the operation of the plant therefore, despite an increase of 39%, fell short of the company's expectations. This was due to a temporary fault in one of the combined heat and power plants, which led to a temporary reduction in production output. The damage was covered by insurance. Accordingly, after deduction of the deductible for property damage and operational failure, insurance benefits of EUR 246,000 are included in other operating income.

Other operating income developed very positively even without the insurance benefits, nearly tripling to EUR 1,106,000 (EUR 375,000). This resulted in particular from income in R&D, in which research grants of EUR 432,000 (EUR 160,000) for the BlackCycle project and investment grants of EUR 262,000 (EUR 50,000) were recognised. 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 settled via the research grants.

In line with the increases in own work capitalised, the cost of materials also increased as expected to EUR 2,584,000 (EUR 1,214,000), albeit at a lower ratio. The cost of materials includes EUR 1,865,000 required for the generation of own work.

Personnel expenses rose to EUR 2,941,000 (EUR 1,589,000) and reflect the significant capacity expansion in all areas of the company. The increase in personnel is necessary for the upcoming roll-out and serves the purpose of implementing the medium-term growth strategy. The average number of employees in the company increased to 51 (35) in the reporting period.

Depreciation and amortisation increased to EUR 1,625,000 (EUR 1,225,000), resulting on the one hand from the start of depreciation on completed plants (Pyrum Innovations AG) and on the other hand in the consolidated financial statements from the amortisation for patents (Pyrum Innovations International S.A.) starting from the fourth quarter of 2021.

Other operating expenses increased to EUR 5,285,000 (EUR 1,296,000) and mainly include the costs of the private placement and the listing in Oslo. These amounted to EUR 2,882,000. Adjusted for this non-

recurring effect, other operating expenses came to EUR 2,403,000. An individual breakdown can be found in the combined notes to the financial statements.

The consolidated loss for the year was EUR -8,351,000 (EUR -3,575,000).

The operating result adjusted for the flotation costs amounted to EUR -5,469,000.

Financial position

As of 31 December 2021, cash funds amounted to EUR 34,239,000 (EUR 9,532,000).

The share issue in the 2021 financial year generated cash inflow of EUR 39,369,000.

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 therefore related to the refinancing of the land for the expansion at the site in Dillingen at EUR 775,000.

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

NON-FINANCIAL TARGETS AND PERFORMANCE INDICATORS

Our mission

Pyrum is an innovative recycling company whose novel technology promises to bring lasting change to the recycling market for various materials by enabling a circular economy and thus providing potential partners with high ecological and economic incentives. At a very early stage, we have grappled with the societal issues of the disposal problem and raw materials scarcity developed an innovative method to turn

- End-of-life tyres (from cars, lorries, bicycles, motorcycles, construction machinery, etc.)
- EPDM and other elastomer rubber waste (door/window seals, hoses, moulded parts, etc.)
- CFRP (carbon-fibre-reinforced plastics)
- PUR (polyurethane, soft foam)
- Polymers

back into raw materials for the manufacture of new products. Our customers commit in writing to use our products exclusively for the creation of new, sustainable products and not to use them as energy sources or sell them on to third parties. In order to build on our success story so far, we have set the company the following targets, which we intend to achieve as a team.

High level of customer satisfaction

We work and act with a focus on the customer. Satisfied customers are the foundation of our business success and growth. We therefore nurture long-term and cooperative partnerships and are familiar with our customers' wishes and requirements. Within this strategic cooperation, we want to permanently change the market by making it 'circular'. By using our raw materials, our customers develop new high-tech products that can be returned to the recycling loop at the end of their lives.

Highest safety and quality standards

Our recycling process is characterised by the highest safety and quality standards. We thus guarantee the acquisition of high-quality products from sustainable production. This is also regularly confirmed by external experts (ISCC+ certification). As a certified waste management company, we also contribute to the proper recycling of problematic waste.

Innovation and continuous improvement

We see ourselves as a pioneer in our market and set new standards for the closure of material cycles. Research and development are of paramount importance for us. Together with our customers and customer groups and in several EU and German research projects, we are working to develop ecological designs for problematic end-of-life materials. Innovations and continuous improvement provide a basis for us to tap into new markets, to shape them, and to improve our own environmental performance. We actively encourage ideas and initiatives from our employees.

Environmental awareness and sustainability

Sustainability in the interests of a functioning and economically worthwhile circular economy is our core business. With regard to our customers and in research and development, we make sure that the recycling of resources and the production of environmentally friendly products is in the foreground of economic activity. In order to continue meeting all binding obligations, we cooperate closely with the authorities and are already taking further measures for the environmental and consumer protection of the future.

Satisfied employees

Motivated and satisfied employees are foundation of our economic success and our growth. We provide our employees with opportunities and challenges and allow them to participate in our shared success. We see the health and safety of our employees as a valuable commodity. Reasonable investments in occupational health and safety, for example, therefore obtain prompt and straightforward approval.

RISKS AND OPPORTUNITIES

The identification of risks and opportunities and the introduction of measures to contain risks area are a core issue for corporate governance. Particular risks and potential threats for Pyrum Innovations AG are as follows:

COVID-19

The company does not manufacture the components for the construction of the plants itself. All components required for the construction of the recycling plants developed by the company are produced and assembled by third-party manufacturers.

Among other things, the planned construction of plants could be delayed as a result of the ongoing consequences of the COVID-19 pandemic, especially shortages in the supply of replacement and plant parts due, for example, to temporary closures of suppliers' production sites or absences due to staff illness.

Ukraine war

The war in Ukraine and the sanctions against Russia could impact supply, demand and prices for important plant parts, energy costs and the acceptance of services and products.

Strategic risks

Pyrum Innovations AG's business model is based on two pillars: the construction and operation of own plants and the sale of plants in joint ventures (special purpose vehicles – SPV) or to third parties.

Misjudgements regarding shareholdings, joint ventures and suppliers could have a substantial negative impact on the company's net assets, financial position and results of operations as a result of bad investments or misjudged opportunities and risks. This risk is addressed by way of careful and intensive review at Executive Board level before investments are made in order to minimise these business risks.

Financing risks

The implementation of the medium-term strategic planning requires that customer plants (including SPVs) are also sold alongside the construction and operation of own plants. There is a risk that the potential buyers of the plants cannot contribute sufficient capital and, as a result of the new technology and potentially rising interest rates, cannot obtain financing for these plants, so that planned projects are postponed or cancelled. In order to address this risk, Pyrum supports its customers in financing negotiations with banks, authorities and other potential (project) investors.

General operating risks

The company's activities entail general operating risks, which can lead for example to higher-than-expected costs during the construction phase, lower returns on sales, higher costs or lower returns than expected in connection with technical management. As the company's plants are new designs, there is an inherent risk that the plants require improvements or adjustments that could slow down or restrict their operation. Additional design considerations could also be necessary in order to guarantee safe and reliable operation. There is always the risk that unforeseen events or circumstances that are unknown to the company, its partners and counterparties occur in a way that jeopardises the essential conditions for development and production. Moreover, it cannot be ruled out that unforeseen technical difficulties arise at the recycling plants operated or sold by the company.

Such general operational risks could therefore considerably impair the future economic performance of the company and thus the company's net assets, financial position and results of operations. Pyrum has acquired experience over the two years of continuous operation and is now able to estimate and optimise cost development and the technical control parameters of the plants.

Approval risks

The construction and operation of recycling plants requires various approvals (e.g. building permits, environmental regulations, etc.) depending on the locations in Germany and abroad. There is a risk that such permissions cannot be obtained or can be obtained only with unforeseen, adverse side conditions, were granted ineffectively, are successfully contested, or are subsequently withdrawn or limited for other reasons. When transferring approvals, there is a risk that authorities or other third parties do not approve these transfers and approvals/licences therefore are or become void. Approvals for the operation of a recycling plant often entail environmental requirements, non-compliance with which results in sanctions or withdrawal of the approval. A necessary transfer of a licence or permit can be ineffective despite approval from the authority responsible, or the approval can apply only to a part of the transferred licence or approval. The occurrence of one or more of these risks can have substantial negative effects on the company's net assets, financial position and results of operations. Pyrum therefore enters into dialogue with all stakeholders as soon as possible after a potential location has been identified, regardless of whether it is for a plant of the company's own or a potential plant for a customer.

General economic risks

Technology risks

When selecting suppliers, the company is focused on opportunities and consistently opts for the delivery of new technologies in the production process. This gives rise to the risk that delivered technologies do not possess the expected level of maturity, which can lead to delays, especially regarding the expected duration until plants commence operations.

Legal risks

The company's business activities depend on the prevailing legal conditions for recycling and waste processing. These particularly but not exclusively include provisions of the German Federal Immission Control Act, the Saarland Soil Protection Act and the German Circular Economy and Waste Act. Future changes can influence market and competitive conditions.

Regulatory and political risks

The recycling market, on which the company operates, is also subject to recurrent economic and political changes. Stricter environmental regulations could result in increased expenses. Legal amendments and new standards in the future could impede or delay the company's operations, increase the company's operating costs and reduce demand for its services and products.

The company is dependent on the reputation of renewable energy and the recycling market in general. Widely publicised failings of competitors, lawbreaking, bankruptcies or fraudulent undertakings can give the public the impression that the technology is inadequate or flawed, causes pollution, etc. In turn, this can damage the reputation of the market on which the company operates, damage the market reputation of the company, reduce its market share, and lead to a decline in the number of projects.

Opportunities

The material opportunities for Pyrum's positive business and economic performance are outlined below. The list is not exhaustive and the opportunities outlined are not necessarily the only ones available to Pyrum. Conversely, it is also possible that identified opportunities will not materialise.

Raw material prices and security of supply

The success of the business model depends among other things on the quality of the products and especially the development of oil and carbon black prices. This constitutes a risk for purchasing, but is a major opportunity for Pyrum on the product side, as higher construction costs ought to be more than compensated for by higher selling prices. Scarcity encourages creativity. A shortage of carbon black is already resulting in enquiries from industries that Pyrum had not yet identified as markets for its products. The pigment industry, ink manufacturers, cast iron makers, manufacturers of rubber products, seal manufacturers and packaging manufacturers are all seeking new solutions, as the traditional channels and supply chains have been lastingly disrupted by the effects of the COVID-19 pandemic and the current war in Ukraine. Therefore, the biggest challenge for Pyrum is now to grow sufficiently to meet the demand and occupy new niches. Thanks to the company's own laboratory, new customer requirements and enquiries can usually be answered without recourse to external experts.

Political environment

In recent years, government regulation has been working towards inducing the necessary ecological realignment and prohibiting the export of waste to distant countries, as this is not a sustainable solution for our waste disposal problems. The unchecked consumption of raw materials without recycling is jeopardising our supply of raw materials in the medium term. Companies have set themselves ambitious climate targets and are now seeking solutions for implementing them in order to survive on the market in the long term. Pyrum sees itself as a solution provider.

Competition and current state of the art

With the large-scale industrial deployment of its own technology in 24/7 operation since May 2020, Pyrum has proved that its technology is ready for the market. So far, it seems to be the only provider on the market that can both replicably deliver high-quality pyrolysis oil and rCB in consistent quality every day and convert the pyrolysis gas into electricity in such a reliable and efficient manner that the pyrolysis process, seen over the entire year, can be energy self-sufficient. Pyrum believes that,

technologically, it is 4-5 years ahead of the competition. The end-of-life tyres disposed of with Pyrum can already be reused in new products in an almost entirely circular manner without thermal recycling of the oil.

A very positive view is taken of technological competition, as it raises public awareness, and the market for end-of-life tyres contains enough potential for multiple providers to find a sustainable solution to the end-of-life tyre disposal problem in the long term.

Technological opportunities

Pyrum sees itself as a technological market leader and, together with strong partners, is already research additional applications of the pyrolysis process, with the aim of adapting it to other waste flows for which there are still no answers (such as the recycling of wind turbines). At the same time, Pyrum is meeting the social and political pressure on manufacturers to provide recycling opportunities along with the production of products.

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 31 December 2021

The Ukraine conflict since February 2022 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 systems.

In March 2022, Pyrum obtained ISCC+ certification (International Sustainability & Carbon Certification) for its rCB and thus reached another important milestone for its commercialisation. ISCC PLUS 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 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, as a Saarland-based company, efficient access to national and international investors.

On 22 March 2022, CEO Pascal Klein's Executive Board contract was prematurely extended by five years to 31 January 2028. Mr Klein co-founded Pyrum Innovations ESC GmbH in 2008 and was managing partner of the company from 2008 to 2018. He has been CEO of the company since its change of legal form and name to Pyrum Innovations AG in 2018. In addition, Kai Winkelmann was appointed to the company's Executive Board as CFO for three years from 1 April 2022 onwards.

Ownership of the factory grounds and the administrative building at the company's headquarters was transferred to Pyrum AG effective 1 April 2022. The leases of the other tenants on the property were also taken on. 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. As soon as replicably consistent rCB pellets can be produced, the certification of the pelleted end material at future customers, especially in tyre industry, will begin. This process usually takes 3 to 6 months after the final operating licence is granted.

In May 2022, Pyrum likewise 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).

Future economic conditions

In April, the International Monetary Fund had to significantly lower its global growth forecast for 2022¹³. Originally, the IMF's analysts had anticipated global economic growth of 4.4%. In April, they revised their forecast to 3.6%, primarily as a result of the war in Ukraine. Europe is particularly affected: In the eurozone, the IMF now expects growth of only 2.8% in 2022. This constitutes a drop of 1.1 percentage points from the January forecast. In the industrialised nations, gross domestic product is expected to increase by 3.3%. In Germany, economic output is expected to grow by just 2.1% in 2022. Economic performance in Germany will be particularly impaired by sharply rising energy and raw material costs.

Outlook for the rest of 2022

Pyrum currently expects, in line with its own planning, to begin test operation of the two new plants in Dillingen/Saar at the end of 2022 and to start production in the first quarter of 2023.

According to the manufacturer, the new tyre shredder will be delivered in October 2022 and then installed at the Dillingen site, so the current plan is to begin accepting additional tyres for TAD 2 and TAD 3 in November 2022.

Subject to evidence of full project finance, Pyrum currently expects to establish 2-3 SPVs with customers before the end of the year. The relevant sites have already been determined, and some pre-engineering has already begun in advance to support the respective financing applications and negotiations with authorities.

Pyrum Innovations AG

Dillingen/Saar, 18 May 2022

Pascal Klein
CEO

Michael Kapf
Member of the Executive
Board

Kai Winkelmann
Chief Financial Officer

¹³ IMF: World Economic Outlook Update April 2022

2022 financial calendar

20 May
24-26 May

Publication of 2021 annual report
Participation in THE TIRE COLOGNE trade fair,
Cologne, hall 7

14 July

Annual General Meeting

30 September

Publication of the half-year report as of 30
June 2022

30 November

Publication of the quarterly report as of 30
September 2022

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Annual Financial Statements and Group Financial Statements
for the 2021 financial year

of

Pyrum Innovations AG

Dillingen / Saar

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Pyrum Innovations AG
Dillingen/ Saar

Consolidated balance sheet
as of
31 December 2021

ASSETS			EQUITY AND LIABILITIES		
	31 Dec. 2021 EUR	31 Dec. 2020 EUR		31 Dec. 2021 EUR	31 Dec. 2020 EUR
A. Non-current assets			A. Equity		
I. Non-current intangible assets			I. Subscribed Capital	3,253,735.00	2,570,235.00
1. Self-created rights and licences in such rights	98,210.00	0.00	II. Capital Reserves	52,058,141.06	11,574,074.18
2. Acquired rights and licences in such rights	<u>7,279,577.27</u>	<u>16,462.00</u>	III. Accumulated Losses	-15,612,428.62	-7,261,100.97
	<u>7,377,787.27</u>	<u>16,462.00</u>	Total Equity	39,699,447.44	6,883,208.21
II. Property, plant, and equipment			B. Provisions and Accrued Liabilities		
1. Land and buildings on leasehold property	1,048,330.25	221,657.00	Other provisions and accrued liabilities	3,481,393.88	2,118,232.25
2. Technical equipment and machinery	4,519,783.32	4,081,097.00	C. Liabilities		
3. Other equipment, operating and office equipment	975,019.00	500,323.00	1. Liabilities to banks	1,569,058.95	1,019,808.05
4. Advances paid and assets under construction	<u>2,521,472.86</u>	<u>1,393,546.77</u>	2. Trade payables	2,225,840.42	1,988,697.21
	<u>9,064,605.43</u>	<u>6,196,623.77</u>	3. Other liabilities	<u>4,345,307.98</u>	<u>4,509,271.22</u>
III. Non-current financial assets			Total liabilities	<u>8,140,207.35</u>	<u>7,517,776.48</u>
Other loans	0.00	296,300.68			
Total non-current assets	16,442,392.70	6,509,386.45	Total equity and liabilities	51,321,048.67	16,519,216.94
B. Current assets					
I. Inventories					
1. Raw materials and supplies	23,225.00	23,841.10			
2. Work in progress	15,500.00	47,600.00			
3. Finished goods	<u>18,942.85</u>	<u>14,630.12</u>			
	<u>57,667.85</u>	<u>86,071.22</u>			
II. Receivables and other current assets					
1. Trade receivables	137,936.71	60,022.62			
2. Other current assets	<u>207,905.38</u>	<u>95,896.20</u>			
	<u>345,842.09</u>	<u>155,918.82</u>			
III. Cash at hand and in bank	34,446,013.72	9,738,572.67			
Total current assets	34,849,523.66	9,980,562.71			
C. Deferred expenses	29,132.31	29,267.78			
	<u>29,132.31</u>	<u>29,267.78</u>			
Total assets	<u>51,321,048.67</u>	<u>16,519,216.94</u>			

Pyrum Innovations AG
Dillingen/ Saar

CONSOLIDATED INCOME STATEMENT for the period from 1 January 2021 to 31 December 2021

	2021 EUR	2020 EUR
1. Revenues	922,212.12	662,747.95
2. Increase/decrease of finished goods	-27,787.27	-43,811.51
3. Other own work capitalised	<u>2,806,685.61</u>	<u>1,174,678.22</u>
4. Total output	3,701,110.46	1,793,614.66
5. Other operating income	1,106,232.21	374,763.62
6. Expenses for materials		
a) Expenses for raw materials, supplies and for purchased goods	2,248,431.11	880,507.43
b) Expenses for purchased services	<u>335,700.36</u>	<u>333,102.18</u>
	2,584,131.47	1,213,609.61
7. Personnel expenses		
a) Wages and salaries	2,941,013.87	1,589,896.66
b) Social security contributions and expenses for pension provision	<u>517,533.93</u>	<u>301,021.82</u>
	3,458,547.80	1,890,918.48
8. Depreciation, amortisation and write-downs of intangible non-current assets and property, plant, and equipment	1,625,712.14	1,225,013.62
9. Other operating expenses	5,285,278.77	1,296,401.08
10. Income from non-current loans	6,666.78	8,630.12
11. Other interest and similar income	238.55	6,816.94
12. Interest and similar expenses	<u>202,434.97</u>	<u>129,213.85</u>
13. Result after taxes	-8,341,857.15	-3,571,331.30
14. Other taxes	9,470.50	3,686.00
15. Net loss for the year	-8,351,327.65	-3,575,017.30
16. Loss carried forward from the previous year	<u>-7,261,100.97</u>	<u>-3,686,083.67</u>
17. Balance sheet loss	<u>-15,612,428.62</u>	<u>-7,261,100.97</u>

Consolidated statement of changes in equity for the financial year 2021

	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	€	€	€	€	€	€
As of 1 January 2020	2,313,211.00	3,331,098.18	0.00	3,331,098.18	3,331,098.18	-1,899,350.07	-1,786,733.60	-3,686,083.67	1,958,225.51
Capital increase / reduction	257,024.00		8,242,976.00	8,242,976.00	8,242,976.00				8,500,000.00
Allocation to/withdrawal from reserves						-1,786,733.60	1,786,733.60		0.00
Net loss for the year							-3,575,017.30	-3,575,017.30	-3,575,017.30
As of 31 Dec. 2020	2,570,235.00	3,331,098.18	8,242,976.00	11,574,074.18	11,574,074.18	-3,686,083.67	-3,575,017.30	-7,261,100.97	6,883,208.21
Capital increase / reduction	683,500.00	40,484,066.88		40,484,066.88	40,484,066.88				41,167,566.88
Allocation to/withdrawal from reserves						-3,575,017.30	3,575,017.30		0.00
Net loss for the year							-8,351,327.65	-8,351,327.65	-8,351,327.65
As of 31 Dec. 2021	<u>3,253,735.00</u>	<u>43,815,165.06</u>	<u>8,242,976.00</u>	<u>52,058,141.06</u>	<u>52,058,141.06</u>	<u>-7,261,100.97</u>	<u>-8,351,327.65</u>	<u>-15,612,428.62</u>	<u>39,699,447.44</u>

Consolidated cash flow statement for the financial year 2021

	2021 EUR	2020 EUR
Net income/loss for the period	-8,351,327	-3,575,017
Depreciation, amortisation of non-current assets / reversals of write-downs of non-current assets	1,625,712	1,225,014
Increase/decrease in provisions	242,108	95,935
Increase/decrease in inventories, trade receivables and other assets not related to investing or financing activities	-118,842	-21,988
Increase/decrease in trade payables and other liabilities not attributable to investing or financing activities	338,386	222,951
Profit/loss from the disposal of non-current assets	-28,827	-21,682
Interest expenses/income	195,530	113,767
Miscellaneous other income not attributable to cash flow from operating activities	2,187,313	-209,851
Cash flow from operating activities	-3,909,947	-2,170,871
Payments for investments in non-current assets	-132,448	-18,780
Proceeds from disposals of property, plant and equipment	114,515	83,638
Payments for investments in property, plant and equipment	-3,954,647	-1,377,858
Payments for additions to the scope of consolidation	-6,544,700	0
Interests received	238	50
Cash flow from investing activities	-10,517,042	-1,312,950
Proceeds from equity contributions from shareholders of the parent company	39,369,347	8,500,000
Proceeds from short- or long-term (financial) loans	775,000	3,690,000
Payments from the redemption of (financial) loans	-757,910	-608,557
Proceeds from grants/subsidies received	470,752	1,111,736
Payments in connection with expenses for the private placement and the capital increase	-948,822	0
Interests paid	-182,006	-78,898
Cash flow from financing activities	38,726,361	12,614,281
Net change in cash funds	24,299,372	9,130,460
Increase in cash funds due to first-time consolidation	408,069	0
Cash funds at beginning of period	9,531,569	401,109
Cash funds at end of period	34,239,010	9,531,569

Pyrum Innovations AG
Dillingen/ Saar

Balance sheet
as of
31 December 2021

ASSETS			EQUITY AND LIABILITIES		
	31 Dec. 2021 EUR	31 Dec. 2020 EUR		31 Dec. 2021 EUR	31 Dec. 2020 EUR
A. Non-current assets			A. Equity		
I. Non-current intangible assets			I. Subscribed Capital	3,253,735.00	2,570,235.00
1. Self-created rights and licences in such rights	98,210.00	0.00	II. Capital Reserves	52,058,141.06	11,574,074.18
2. Acquired rights and licences in such rights	38,653.00	16,462.00	III. Accumulated Losses	-15,354,750.32	-7,261,100.97
	<u>136,863.00</u>	<u>16,462.00</u>	Total Equity	39,957,125.74	6,883,208.21
II. Property, plant, and equipment			B. Provisions and Accrued Liabilities		
1. Land and buildings on leasehold property	1,048,330.25	221,657.00	Other provisions and accrued liabilities	2,492,816.94	2,118,232.25
2. Technical equipment and machinery	4,447,792.00	4,081,097.00			
3. Other equipment, operating and office equipment	975,019.00	500,323.00	C. Liabilities		
4. Advances paid and assets under construction	2,521,472.86	1,393,546.77	1. Liabilities to banks	1,569,058.95	1,019,808.05
	<u>8,992,614.11</u>	<u>6,196,623.77</u>	2. Trade payables	2,208,965.71	1,988,697.21
III. Non-current financial assets			3. Other liabilities	4,214,880.32	4,509,271.22
1. Shares in affiliated companies	6,544,700.00	0.00	Total liabilities	<u>7,992,904.98</u>	<u>7,517,776.48</u>
2. Loans to affiliated companies	305,189.72	0.00			
3. Other loans	0.00	296,300.68	Total equity and liabilities	50,442,847.66	16,519,216.94
	<u>6,849,889.72</u>	<u>296,300.68</u>			
Total non-current assets	15,979,366.83	6,509,386.45			
B. Current assets					
I. Inventories					
1. Raw materials, and supplies	23,225.00	23,841.10			
2. Work in progress	15,500.00	47,600.00			
3. Finished goods	18,942.85	14,630.12			
	<u>57,667.85</u>	<u>86,071.22</u>			
II. Receivables and other current assets					
1. Trade receivables	134,886.71	60,022.62			
2. Other current assets	205,880.81	95,896.20			
	<u>340,767.52</u>	<u>155,918.82</u>			
III. Cash at hand and in bank	34,035,913.15	9,738,572.67			
Total current assets	34,434,348.52	9,980,562.71			
C. Deferred expenses	29,132.31	29,267.78			
	<u></u>	<u></u>			
Total assets	<u>50,442,847.66</u>	<u>16,519,216.94</u>			

Pyrum Innovations AG
Dillingen/ Saar

INCOME STATEMENT for the period from 1 January 2021 to 31 December 2021

	2021 EUR	2020 EUR
1. Revenues	921,462.12	662,747.95
2. Increase/decrease of finished goods	-27,787.27	-43,811.51
3. Other own work capitalised	2,806,685.61	1,174,678.22
4. Total output	3,700,360.46	1,793,614.66
5. Other operating income	1,106,232.21	374,763.62
6. Expenses for materials		
a) Expenses for raw materials and supplies and for purchased goods	2,248,431.11	880,507.43
b) Expenses for purchased services	335,700.36	333,102.18
	2,584,131.47	1,213,609.61
7. Personnel expenses		
a) Wages and salaries	2,941,013.87	1,589,896.66
b) Social security contributions and expenses for pension provision	517,533.93	301,021.82
	3,458,547.80	1,890,918.48
8. Depreciation, amortisation and write-downs of intangible non-current assets and property, plant, and equipment	1,402,094.05	1,225,013.62
9. Other operating expenses	5,263,182.48	1,296,401.08
10. Income from non-current loans	8,889.04	8,630.12
11. Other interest and similar income	238.55	6,816.94
12. Interest and similar expenses	198,785.81	129,213.85
13. Result after taxes	-8,091,021.35	-3,571,331.30
14. Other taxes	2,628.00	3,686.00
15. Net loss for the year	-8,093,649.35	-3,575,017.30
16. Loss carried forward from the previous year	-7,261,100.97	-3,686,083.67
17. Balance sheet loss	-15,354,750.32	-7,261,100.97

Combined Notes to the Financial Statements of the Group and Pyrum Innovations AG for the 2021 Financial Year

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 **annual financial statements** were prepared in accordance with the accounting regulations of section 242 et seq. HGB for corporations in compliance with the special regulations for stock corporations. The balance sheet and the income statement were prepared in accordance with the regulations for large corporations. The income statement was prepared in line with the total cost (nature of expense) method. Some practical expedients for small corporations were used in preparing the combined notes to the financial statements.

The **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 consolidated balance sheet and the consolidated income statement were 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 21. The consolidated statement of changes in equity was prepared in accordance with German Accounting Standard 22. German Accounting Standard 18 on deferred taxes was applied with the early adoption of Amending German Accounting Standard 11.

The consolidated financial statements have been prepared for the first time for this financial year as a subsidiary was acquired for the first time in the 2021 financial year. The comparative figures for the previous year are taken from the 2020 annual financial statements of Pyrum Innovations AG, Dillingen/Saar.

The annual financial statements and the consolidated financial statements have been presented in euro. The financial year of Pyrum Innovations AG and of the Group is the calendar year. The reporting date of the consolidated financial statements is 31 December 2021, which is also the reporting date of all companies included in the consolidated financial statements.

The disclosures in these notes relate to the consolidated financial statements. It is indicated separately if these disclosures are not the same for the annual financial statements of the parent company.

II. Consolidated Group

Companies included

The subsidiary Pyrum Innovations International S.A., Schengen, Luxembourg, is included in the consolidated financial statements.

The purchase agreement for the acquisition of all shares in the subsidiary was entered into on 4 May 2021; its closing was subject to the condition precedent of the performance of the private placement in connection with flotation in Oslo and the subsequent payment of the purchase price. By way of the transfer of its shares, Pyrum Innovations International S.A. has been a subsidiary of Pyrum Innovations AG since 7 October 2021 (date of first-time consolidation).

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.

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.

IV. Accounting Policies

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

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

Internally generated intangible assets are reported at production cost for the first time from the 2021 financial year. 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 were 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. Interest on borrowing costs is not included in the cost of production.

Depreciation and amortisation were recognised on a straight-line basis over the expected useful lives of the assets. The following useful lives were 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 were 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 were carried at acquisition cost. Work in progress and finished goods were carried at production cost. Inventories are written down to their fair value at the balance sheet date.

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

Other provisions were recognised for all uncertain liabilities and expected losses from onerous contracts. All discernible risks were taken into account. Provisions were 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 were taken into account.

Provisions expected to be settled more than one year after the balance sheet date were 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 were used for discounting. The income from discounting and interest effects from changes in interest rate and amended estimates of terms are recognised net as interest income or interest expenses.

Deferred taxes were recognised and measured in accordance with section 274 HGB. Deferred tax assets and liabilities relating to the same tax jurisdiction are offset – including deferred taxes from consolidation adjustments within the Group; exercising the option provided by section 274(1) sentence 2 HGB, any excess assets from first-time consolidation are not recognised. Deferred tax assets and liabilities are reported net. Deferred tax assets from tax loss carryforwards are recognised if they are expected to be utilised. At most, future taxable income expected to arise in the same tax jurisdiction is included in measurement if it is expected that there will be loss carryforwards against which they can be utilised in the next five years. They are recognised at least in the amount of any net deferred tax liabilities relating to the same tax jurisdiction.

Liabilities were 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 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.

Accounting and classification policies that deviate from the previous year

With the exception of the internally generated intangible assets recognised for the first time in this financial year, the accounting and classification policies have not changed since the previous year. As a result of this change, the fixed assets and equity in the 2021 annual financial statements and consolidated financial statements were increased by EUR 98,210.00 and the net loss for the year was reduced by the same amount.

V. Balance Sheet Disclosures

1. Fixed assets

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

The internally generated intangible assets recognised in the financial year relate to the standardisation of the user interface for the control software for operating the plant and of the interfaces for external plant components.

Total research and development expenses amounted to EUR 725,000 in the financial year (previous year: EUR 238,000). EUR 99,000 (previous year: EUR 0) 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 consolidated financial statements comprise the two patents owned by Pyrum Innovations International S.A. for the recycling of old 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 2,521,472.86 (previous year: EUR 1,393,546.77) essentially break down as follows:

		<u>Financial year</u> EUR	<u>Previous year</u> EUR
Coal grinding plant		0.00	704,956.38
Gas filter plant		0.00	544,763.15
Pyrolysis line 2 and 3	Start of project 2020	1,724,128.74	40,661.38
Pelleting plant	Start of project 2020	506,039.02	2,461.89

The coal grinding plant was completed in February 2021. The gas filter plant went on stream in July 2021.

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.

There were also subsequent costs for assets in operation. In particular, the additions in 2021 include improvements in the materials flow and controlling system of the pyrolysis plant and noise protection for the shredding plant. The sequence of maintenance cycles was also optimised as a result of these activities.

The 100% interest Pyrum Innovations International S.A. is capitalised in the annual financial statements of Pyrum Innovations AG. Equity amounted to EUR 5,474,493.74 as at 31 December 2020. The net loss for 2020 amounted to EUR 2,422,815.83. The provisional net loss of the subsidiary for 2021 amounts to EUR 709,385.22. This essentially results from amortisation on patents and expertise (EUR 570,308.35).

Pyrum Innovations International S.A. holds an interest of 10% in Pyrum Innovations SAS, Flévy, France. The company has neither assets nor business activities. The interest is not shown in the consolidated balance sheet.

Consolidated Gross Statement of Changes in Non-current Assets as of 31 December 2021

	1 January 2021 EUR	Additions EUR	Acquisition and production costs			31 December 2021 EUR	Cumulative depreciation and amortisation				Book value	
			First-time consolidation EUR	Disposals EUR	Reclassifications EUR		1 January 2021 EUR	Additions EUR	Disposals EUR	31 December 2021 EUR	31 December 2021 EUR	31 December 2020 EUR
I. Non-current intangible assets												
1. Self-created rights and licences in such rights	0.00	99,875.19	0.00	0.00	0.00	99,875.19	0.00	1,665.19	0.00	1,665.19	98,210.00	0.00
2. Acquired rights and licences in such rights	30,868.40	32,573.00	7,458,711.36	0.00	0.00	7,522,152.76	14,406.40	228,169.09	0.00	242,575.49	7,279,577.27	16,462.00
	30,868.40	132,448.19	7,458,711.36	0.00	0.00	7,622,027.95	14,406.40	229,834.28	0.00	244,240.68	7,377,787.27	16,462.00
II. Property, plant, and equipment												
1. Land and buildings on leasehold property	238,289.84	843,065.25	0.00	0.00	0.00	1,081,355.09	16,632.84	16,392.00	0.00	33,024.84	1,048,330.25	221,657.00
2. Technical equipment and machinery	8,009,846.54	218,031.27	0.00	0.00	1,345,043.03	9,572,920.84	3,928,749.54	1,196,379.30	0.00	5,125,128.84	4,447,792.00	4,081,097.00
3. Other equipment, operating and office equipment	857,481.23	737,659.56	77,822.32	192,196.82	0.00	1,480,766.29	357,158.23	183,106.56	106,508.82	433,755.97	1,047,010.32	500,323.00
4. Advances paid and assets under construction	1,393,546.77	2,472,969.12	0.00	0.00	-1,345,043.03	2,521,472.86	0.00	0.00	0.00	0.00	2,521,472.86	1,393,546.77
	10,499,164.38	4,271,725.20	77,822.32	192,196.82	0.00	14,656,515.08	4,302,540.61	1,395,877.86	106,508.82	5,591,909.65	9,064,605.43	6,196,623.77
III. Non-current financial assets												
Other loans	296,300.68	6,666.78	-302,967.46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	296,300.68
	10,826,333.46	4,410,840.17	7,233,566.22	192,196.82	0.00	22,278,543.03	4,316,947.01	1,625,712.14	106,508.82	5,836,150.33	16,442,392.70	6,509,386.45

Gross Statement of Changes in Non-current Assets as of 31 December 2021

	Acquisition and production costs					Cumulative depreciation and amortisation				Book value	
	1 January 2021	Additions	Disposals	Reclassifications	31 December 2021	1 January 2021	Additions	Disposals	31 December 2021	31 December 2021	31 December 2020
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Non-current intangible assets											
1. Self-created rights and licences in such rights	0.00	99,875.19	0.00	0.00	99,875.19	0.00	1,665.19	0.00	1,665.19	98,210.00	0.00
2. Acquired rights and licences in such rights	30,868.40	32,573.00	0.00	0.00	63,441.40	14,406.40	10,382.00	0.00	24,788.40	38,653.00	16,462.00
	30,868.40	132,448.19	0.00	0.00	163,316.59	14,406.40	12,047.19	0.00	26,453.59	136,863.00	16,462.00
II. Property, plant, and equipment											
1. Land and buildings on leasehold property	238,289.84	843,065.25	0.00	0.00	1,081,355.09	16,632.84	16,392.00	0.00	33,024.84	1,048,330.25	221,657.00
2. Technical equipment and machinery	8,009,846.54	218,031.27	0.00	1,345,043.03	9,572,920.84	3,928,749.54	1,196,379.30	0.00	5,125,128.84	4,447,792.00	4,081,097.00
3. Other equipment, operating and office equipment	857,481.23	737,659.56	192,196.82	0.00	1,402,943.97	357,158.23	177,275.56	106,508.82	427,924.97	975,019.00	500,323.00
4. Advances paid and assets under construction	1,393,546.77	2,472,969.12	0.00	-1,345,043.03	2,521,472.86	0.00	0.00	0.00	0.00	2,521,472.86	1,393,546.77
	10,499,164.38	4,271,725.20	192,196.82	0.00	14,578,692.76	4,302,540.61	1,390,046.86	106,508.82	5,586,078.65	8,992,614.11	6,196,623.77
III. Non-current financial assets											
1. Shares in affiliated companies	0.00	6,544,700.00	0.00	0.00	6,544,700.00	0.00	0.00	0.00	0.00	6,544,700.00	0.00
2. Loans to affiliated companies	0.00	2,222.26	0.00	302,967.46	305,189.72	0.00	0.00	0.00	0.00	305,189.72	0.00
3. Other loans	296,300.68	6,666.78	0.00	-302,967.46	0.00	0.00	0.00	0.00	0.00	0.00	296,300.68
	296,300.68	6,553,589.04	0.00	0.00	6,849,889.72	0.00	0.00	0.00	0.00	6,849,889.72	296,300.68
	10,826,333.46	10,957,762.43	192,196.82	0.00	21,591,899.07	4,316,947.01	1,402,094.05	106,508.82	5,612,532.24	15,979,366.83	6,509,386.45

2. Current assets, prepaid expenses

There are no trade receivables with a remaining term of more than one year.
EUR 11,442.46 (previous year: EUR 7,828.49) of other assets have a remaining term of more than one year.

3. Equity

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

4. Share capital, authorised capital

On 31 December 2021, 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 31 December, the authorised capital still amounts to EUR 87,570.00, equivalent to 87,570 shares.

5. Capital reserves

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

The capital reserves in accordance with section 272(2) no. 1 HGB were increased by EUR 40,484,066.88 to EUR 43,815,165.06 by way of the private placement.

The capital reserves in accordance with section 272(2) no. 4 HGB amount to EUR 8,242,976.00 as at 31 December 2021 and are unchanged as against 31 December 2020.

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 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 2020, a tranche of EUR 2,000,000.00 of the convertible loan has been extended as of 30 December 2021; 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 98,210.00 and relates to the capitalisation of internally generated intangible fixed assets.

8. Provisions

Other provisions break down as follows:

	31 Dec. 2021 EUR	31 Dec. 2020 EUR
Obligations from cooperation agreements	1,859,116.94	1,928,932.25
Inventor remuneration (Pyrum S.A.)	985,076.94	0.00
Provisions for personnel	170,200.00	149,500.00
Preparation of financial statements, audits, legal and consulting expenses	328,500.00	36,500.00
Outstanding invoices, other	138,500.00	3,300.00
	<u>3,481,393.88</u>	<u>2,118,232.25</u>

Except for a portion of the provisions for the financial statements and audit costs (EUR 3,500.00) and the provision for inventor remuneration, all provisions relate to Pyrum Innovations AG.

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 2021 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 net profits of Pyrum Innovation 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 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 contractual partner 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	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	EUR	EUR	EUR	EUR
Liabilities to banks				
	202,216.33	207,609.33	1,366,842.62	812,198.72
Trade payables	1,138,203.44	703,365.28	1,087,636.98	1,285,331.93
of which hire-purchase liabilities	468,319.07	374,539.07	1,087,636.98	1,285,331.93
Other	836,982.12	1,027,876.35	3,508,325.86	3,481,394.87
of which convertible loans	3,750.00	0.00	1,996,250.00	1,880,000.00
of which other loans	127,030.41	111,057.05	1,512,075.86	1,601,394.87
of which from government grants				
	583,908.83	808,085.45	0.00	0.00
of which taxes	41,916.73	28,149.35	0.00	0.00
of which social security	7,268.19	27,337.45	0.00	0.00
Total	2,177,401.89	1,938,850.96	5,962,805.46	5,578,925.52

Liabilities with a remaining term of more than five years amount to EUR 1,805,453.43 (previous year: EUR 1,311,250.13).

The liabilities of the parent company break down as follows:

	Remaining term of less than one year		Remaining term of more than one year	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	EUR	EUR	EUR	EUR
Liabilities to banks				
	202,216.33	207,609.33	1,366,842.62	812,198.72
Trade payables	1,121,328.73	703,365.28	1,087,636.98	1,285,331.93
of which hire-purchase liabilities	468,319.07	374,539.07	1,087,636.98	1,285,331.93
Other	822,804.46	1,027,876.35	3,392,075.86	3,481,394.87
of which convertible loans	0.00	0.00	1,880,000.00	1,880,000.00
of which other loans	127,030.41	111,057.05	1,512,075.86	1,601,394.87
of which from government grants				
	583,908.83	808,085.45	0.00	0.00
of which taxes	34,819.16	28,149.35	0.00	0.00
of which social security	7,268.19	27,337.45	0.00	0.00
Total	2,146,349.52	1,938,850.96	5,846,555.46	5,578,925.52

The share of Pyrum Innovations AG's liabilities with a remaining term of more than five years amounts to EUR 1,739,203.43 (previous year: EUR 1,191,250.13).

Liabilities to banks of EUR 756,825.22 are secured by mortgages on fixed assets. Liabilities of EUR 132,101.53 are secured by cash and relate exclusively to the parent company.

Hire-purchase liabilities of EUR 1,555,956.05 are secured by retention of title or the assignment of fixed assets as collateral.

A manufacturer loan of EUR 414,938.06 (previous year: EUR 526,106.11) reported under other liabilities is secured the assignment of the asset as collateral.

The other loans reported in other liabilities of EUR 1,224,168.21 (previous year: EUR 1,186,345.81) 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 thousand
Due 2022	182
Due 2023	93
Due 2024	35
Later	<u>51</u>
	361

The purchase commitment from purchase agreements for plant components amounts to EUR 7,295,000.

Contingent liabilities in conjunction with the cooperation agreements amount to EUR 341,000. 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.

In addition to the above financial commitments in the consolidated financial statements, Pyrum Innovations AG has joint and several liability for the loan liabilities of its subsidiaries under the convertible bond agreement jointly entered into with BASF Antwerpen NV. As in the previous year, the obligation amounts to EUR 120,000.

Furthermore, under this agreement, in the event of the conversion of the loan relating to the subsidiary after termination by the lender for cause, Pyrum Innovations AG has an obligation to admit the lender as a minority shareholder with an interest of up to 7.4%.

The Executive Board of Pyrum Innovations AG considers it unlikely that a claim will be made on this contingent liability as its subsidiary has sufficient financial resources to fulfil its obligations under the agreement as they become due.

VI. Income Statement Disclosures

Sales break down as follows:

	<u>Financial year</u> EUR	<u>Previous year</u> EUR
Operation of the recycling plant	874,263.97	599,717.00
Research orders	26,884.00	56,536.50
Other sales	<u>21,064.15</u>	<u>6,494.45</u>
	922,212.12	662,747.95

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

The other own work capitalised in 2021 of EUR 2,806,685.61 essentially results from the expansion and optimisation of facilities in Dillingen/Saar. Above all, EUR 567,000 of this relates to the pelleting plant for pyrolysis coke, EUR 1,683,000 to the project planning and construction of pyrolysis lines 2 and 3 and EUR 191,000 to improvements to plants in operation. EUR 277,000 is included for buildings.

The own work includes the total expense for internally generated tangible assets for the year, primarily comprising the use of materials (EUR 1,865,000; previous year: EUR 649,000), third-party services (EUR 302,000; previous year: EUR 333,000) and own work by Pyrum staff measured at full cost (EUR 640,000; previous year: EUR 187,000).

The other operating income of EUR 1,106,232.21 (previous year: EUR 374,763.62) essentially includes investment grants of EUR 262,000 (previous year: EUR 50,000) and ongoing research project grants of EUR 432,000 (previous year: EUR 160,000). It also includes insurance recoveries of EUR 246,000 (previous year: EUR 1,000), essentially for a fault in one of the two combined heat and power plants, which has since been fixed, and the temporary reduction in operating revenue.

The income from currency translation in the Group and at Pyrum Innovations AG amounts to EUR 7,526.83 (2020: EUR 0.00).

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 5,208.00 (previous year: EUR 5,112.00).

Other operating expenses break down as follows:

	<u>Financial year</u> EUR	<u>Previous year</u> EUR
Private placement and listing	2,882,242.64	0.00
Audit, legal and consulting expenses	720,547.00	243,599.49
Repairs and maintenance	665,419.30	200,211.47
Operating expenses	124,915.86	187,838.29
Rent for land and buildings and incidental expenses	236,487.39	140,565.59
Insurance, contributions, levies	154,079.08	119,403.72
Vehicle costs	169,129.62	115,246.96
Miscellaneous operating expenses	332,457.88	289,535.56
	<u>5,285,278.77</u>	<u>1,296,401.08</u>

The other operating expenses attributable to Pyrum Innovations International S.A.'s include EUR 18,147.30 in legal and consulting expenses, EUR 1,938.71 in rent and incidental expenses as well as EUR 2,010.28 in miscellaneous operating expenses.

Audit, legal and consulting expenses also include technical, economic and tax consulting and analysis.

The extraordinary expenses comprise the expenses for the private placement and the listing on Euronext Growth of EUR 2,882,242.64.

EUR 2,222.26 (previous year: EUR 0.00) of the income from long-term loans reported in the financial assets relates to income from affiliated companies.

Interest and similar expenses include interest on provisions of EUR 0.00 (previous year: EUR 6,766.79).

The interest expenses essentially served to finance fixed assets.

The expenses for interest on long-term provisions amount to EUR 22,633.85 (previous year: EUR 0.00) in the consolidated financial statements and EUR 20,184.69 (previous year: EUR 0.00) in the single-entity financial statements.

Deferred taxes

To calculate deferred taxes on differences between the accounting carrying amounts of assets and liabilities and their tax carrying amounts or on tax loss carryforwards, the amounts of the resulting tax benefits and expenses at the time of reversal are measured using tax rates specific to the company and not discounted. Differences due to consolidation adjustments are also taken into account. The tax rates used are 30.53% (Pyrum Innovations AG) and 27.19% (Pyrum Innovations International S.A.).

Deferred tax assets from tax loss carryforwards of Pyrum Innovations AG and Pyrum Innovations International S.A. were recognised in the amount of the excess of liabilities at the respective company after netting deferred tax assets and liabilities from temporary differences.

The corporation and trade tax loss carryforwards of Pyrum Innovations AG can be offset against future taxable profits indefinitely; at Pyrum Innovations International S.A. this period is limited to 17 years.

The amounts of the deferred tax assets and liabilities are as follows:

	<u>Financial year</u>		<u>Previous year</u>
	Pyrum Innovations Group EUR	Pyrum Innovations AG EUR	EUR
Loss carryforwards	635,896.00	222,087.00	243,485.00
Long-term provisions	316,109.00	48,267.00	13,358.00
Purchased intangible assets	-681,651.00	0.00	0.00
Internally generated intangible assets	-29,979.00	-29,979.00	0.00
Tangible assets	-142,610.00	-142,610.00	-69,172.00
Government grants	-97,765.00	-97,765.00	-187,671.00
Remainder after netting	0.00	0.00	0.00

Related parties

Related parties have been defined in accordance with IAS 24.

Prior to the cancellation of the pool agreement in conjunction with the private placement and the listing on the Euronext Growth on 30 September 2021, all shareholders of Pyrum AG and all partners of Pyrum S.A. were considered related parties. The following are still considered related parties after the cancellation of the pool agreement:

- 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, and has also been an affiliated company since 7 October 2021. UC Umwelt Consulting Immobilien GmbH, Dillingen/Saar, is a further related party as it is directly controlled by family members of a member of the Executive Board and has a significant business relationship with Pyrum AG in the form of a lease for land.

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

Key transactions and relationships with related parties are described below:

Unchanged as against 31 December 2020, a tranche of EUR 2,000,000.00 of the BASF convertible loan has been extended as at 30 December 2021; EUR 1,880,000.00 of the convertible loan relates to the parent company. The loan is reported under other liabilities.

On 4 May 2021, Pyrum Innovations AG entered into a purchase agreement with the shareholders of Pyrum Innovations International S.A. (Pyrum S.A.) for the acquisition of all shares in Pyrum S.A. at a purchase price of EUR 6,500,000. The partners in Pyrum S.A. were essentially the same

people as the shareholders at the time in Pyrum Innovations AG. The agreement was closed on transfer of the purchase price payments on 7 October 2021.

Pyrum Innovations AG previously had a lease with UC Umwelt Consulting Immobilien GmbH for office and commercial space. After the balance sheet date, the land at the company's headquarters was acquired for a purchase price of EUR 2,750,000 on the basis of an expert opinion. The lease thus ceased to exist as at 1 April 2022.

VII. Cash Flow Statement

Cash funds break down as follows:

	31 Dec. 2021	31 Dec. 2020
	EUR	EUR
Cash-in-hand and bank balances	34,446,013.72	9,738,572.67
less balances pledged as collateral	-207,003.48	-207,003.48
Cash funds	34,239,010.24	9,531,569.19

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

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

In 2021, the non-cash investments in fixed assets primarily comprised two items of machinery financed by hire-purchase agreement with a total amount of EUR 317,078.00.

The other income and expenses not attributable to the cash flow from operating activities in 2021 comprise the costs of the private placement to raise new equity and the associated listing on the Euronext Growth and the income from government investment grants. The corresponding payments are shown under the cash flow from financing activities. The commission deducted directly by the underwriting bank in conjunction with the issuance of EUR 1,798,220 has been offset directly against the capital contribution.

VIII. Significant Events after the Balance Sheet Date

Since February 2022, the Ukraine conflict has been causing supply problems for various parts required by Pyrum. 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 systems.

The ISCC+ certificate for thermolysis coke was granted on 3 March 2022. A joint development agreement was entered into with Continental AG, Hanover, on 14 March 2022 for the development of the use of coke in the tyre industry. Trial operation of the coke pelleting plant commenced in May 2022. Pyrum AG has thus achieved further milestones on the path to a sustainable circular economy and business success.

Ownership of the factory grounds and the administrative building at the company's headquarters was transferred to Pyrum AG effective 1 April 2022. The leases of the other tenants on the property were also taken on. Rental costs will therefore no longer be incurred moving ahead, and the company will generate rental income of its own.

IX. Other Disclosures

1. Employees

The average number of employees in the company was 51 in the reporting period (previous year: 35). Of these, 22 are industrial employees and 29 are salaried employees.

2. Auditor's fees

The fee for the auditor of the consolidated financial statements for the 2021 financial year amounts to EUR 86,918; EUR 45,000 of which for audits of financial statements, EUR 14,700 for other assurance services and EUR 27,218 for other services.

3. Executive bodies of the company

The Supervisory Board

Alf Schmidt
Chairman

Manfred Alt
Deputy Chairman

Jürgen Opitz

Jürgen Fischer (until 27 January 2022)

Dr Christian Lach (from 9 September 2020 to 1 April 2021)

Matthias Lindner (since 1 April 2021)

The total remuneration of the Supervisory Board amounted to EUR 62,000 in the 2021 financial year.

The members of the Supervisory Board Dr Lach and Lindner were nominated by the shareholder BASF Antwerpen NV on the basis of the right of nomination added to the Articles of Association on 9 September 2020.

The Executive Board

Pascal Klein
Chairman

Michael Kapf
Deputy Chairman

Kai Winkelmann (since 1 April 2022)

The total remuneration granted to the Executive Board for its activities in the financial year 2021 amounted to EUR 618,089.52, of which EUR 300,000 was a bonus based on the successful private placement.

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 annual and consolidated financial statements

The Executive Board today prepared the annual and consolidated financial statements of Pyrum Innovations AG for the period from 1 January to 31 December 2021 and approved them for publication.

Pyrum Innovations AG

Dillingen/Saar, 18 May 2022

Pascal Klein
CEO

Michael Kapf
Member of the
Executive Board

Kai Winkelmann
Member of the
Executive Board

Independent Auditor's Report

To Pyrum Innovations AG
Dillingen / Saar

Opinions

I have audited the Annual Financial Statements of Pyrum Innovations AG, Dillingen / Saar, which comprise the balance sheet as at December 31, 2021 and the statement of income for the financial year from January 1 to December 31, 2021, and the combined Notes to the Annual Financial Statements and Group Financial Statements, including the recognition and measurement policies presented therein, and the Group Financial Statements of Pyrum Innovations AG and its subsidiary, which comprise the group balance sheet as at December 31, 2021, and the group statement of income, the group statement of changes in equity, and the group cash flow statement for the financial year from January 1 to December 31, 2021 and the combined Notes to the Annual Financial Statements and Group Financial Statements, including the recognition and measurement policies presented therein.

In my opinion, on the basis of the knowledge obtained in the audit, the accompanying Annual Financial Statements and Group Financial Statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the company and the group as at December 31, 2021 and of its financial performance for the financial year from January 1 to December 31, 2021 in compliance with German Legally Required Accounting Principles.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], I declare that my audit has not led to any reservations relating to the legal compliance of the Annual Financial Statements and the Group Financial Statements.

Basis for the Opinions

I conducted my audit of the Annual Financial Statements and the Group Financial Statements in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). My responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and Group Financial Statements" section of my auditor's report. I am independent of the company and its subsidiary in accordance with the requirements of German commercial and professional law, and I have fulfilled my other German professional responsibilities in accordance with these requirements. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinions on the Annual Financial Statements and the Group Financial Statements.

Other Information

The legal representatives are responsible for the other information. The other information comprises the "Reporting for the 2021 financial year" of Pyrum Innovations AG from May 18, 2022.

My opinions on the Annual Financial Statements and the Group Financial Statements do not cover the other information and, accordingly, I do not express an opinion or any other form of assurance conclusion on it.

In connection with my audit, my responsibility is to read the other information referred to above and, in doing so, to consider whether the other information

- is materially inconsistent with the annual financial statements, the consolidated financial statements or my knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If I conclude, based on the work I have performed, that there is a material misstatement of this other information, I am required to report on this fact. I have nothing to report in this regard.

Responsibilities of the Legal Representatives and the Supervisory Board for the Annual Financial Statements and the Group Financial Statements

The legal representatives are responsible for the preparation of the Annual Financial Statements and the Group Financial Statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the Annual Financial Statements and the Group Financial Statements give a true and fair view of the assets, liabilities, financial position and financial performance of the company and the group in compliance with German Legally Required Accounting Principles. In addition, the legal representatives are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of Annual Financial Statements and the Group Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Annual Financial Statements and the Group Financial Statements, the legal representatives are responsible for assessing the company's and the group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

The Supervisory Board is responsible for overseeing the company's financial reporting process for the preparation of the Annual Financial Statements and the Group Financial Statements.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and the Group Financial Statements

My objectives are to obtain reasonable assurance about whether the Annual Financial Statements and the Group Financial Statements as a whole are free from material misstatement, whether due to fraud or error, as well as to issue an auditor's report that includes my opinion on the Annual Financial Statements and the Group Financial Statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements

can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Annual Financial Statements and Group Financial Statements.

I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the Annual Financial Statements and the Group Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control system relevant to the audit of the Annual Financial Statements and the Group Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the company and the group.
- Evaluate the appropriateness of accounting policies used by the legal representatives and the reasonableness of estimates made by the legal representatives and related disclosures.
- Conclude on the appropriateness of the legal representatives' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's or the group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the Annual Financial Statements and the Group Financial Statements or, if such disclosures are inadequate, to modify my respective opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company or the group to cease to be able to continue as a going concern.
- I obtain sufficient appropriate audit evidence about the accounting information of the entities or business activities within the group to express an opinion on the Group Financial Statements. I am responsible for directing, supervising and performing the audit of the Group Financial Statements. I am solely responsible for my audit opinions.
- Evaluate the overall presentation, structure and content of the Annual Financial Statements and the Group Financial Statements, including the disclosures, and whether the Annual Financial Statements and the Group Financial Statements present the underlying transactions and events in a manner that the Annual Financial Statements and the Group Financial Statements give a true and fair view of the assets, liabilities, financial position and financial performance of the company and the group in compliance with German Legally Required Accounting Principles.

I communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Eschborn, May 18, 2022

[original version signed by:]

[original version: professional seal]

Christian Hecht
Wirtschaftsprüfer [German Public Accountant]