

Financial Statements

according to the
German Commercial Code

for the Fiscal Year from
January 1 to December 31, 2020

of

**Pyrum Innovations AG,
Dillingen / Saar**

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[note: This is a translation of the German original. Solely the original text in German language is authoritative. If necessary, translator's comments are made between square brackets]

Independent Auditor's Report

To Pyrum Innovations AG
Dillingen / Saar

Opinion

I have audited the Annual Financial Statements of Pyrum Innovations AG, Dillingen / Saar, which comprise the balance sheet as at December 31, 2020 and the statement of income for the financial year from January 1, 2020 to December 31, 2020, the cash flow statement for the financial year from January 1 to December 31, 2020 and the Notes to the 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 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 as at December 31, 2020 and of its financial performance for the financial year from January 1, 2020 to December 31, 2020 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.

Basis for the Opinion

I conducted my audit of the Annual 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" section of my auditor's report. I am independent of the company 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 opinion on the Annual Financial Statements.

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

The legal representatives are responsible for the preparation of the Annual 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 give a true and fair view of the assets, liabilities, financial position and financial performance of the company 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 that are free from material misstatement, whether due to fraud or error.

In preparing the Annual Financial Statements, the legal representatives are responsible for assessing the company'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.

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

My objectives are to obtain reasonable assurance about whether the Annual 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation 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.

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, 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 opinion. 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 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.
- 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 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 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 to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Annual Financial Statements, including the disclosures, and whether the Annual Financial Statements present the underlying transactions and events in a manner that the Annual Finan-

cial Statements give a true and fair view of the assets, liabilities, financial position and financial performance of the company in compliance with German Legally Required Accounting Principles.

I communicate with those charged with governance 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, April 28, 2021

[original version signed by:]

[original version: professional seal]

Christian Hecht
Wirtschaftsprüfer [German Public Accountant]

Pyrum Innovations AG
Dillingen/ Saar

Financial Statements
for the Fiscal Year ended
December 31, 2020

ASSETS			LIABILITY AND EQUITY		
	Current Year EUR	Prior Year EUR		Current Year EUR	Prior Year EUR
A. Noncurrent Assets			A. Equity		
I. Noncurrent Intangible Assets			I. Subscribed Capital	2,570,235.00	2,313,211.00
Acquired Rights and Licenses on such Rights	16,462.00	3,964.00	II. Capital Reserve	11,574,074.18	3,331,098.18
II. Property, Plant, and Equipment			III. Accumulated Losses	-7,261,100.97	-3,686,083.67
1. Buildings on Leasehold Property	221,657.00	20,806.00	Total Equity	6,883,208.21	1,958,225.51
2. Technical Equipment and Machines	4,081,097.00	4,965,309.00	B. Provisions and Accrued Liabilities		
3. Other Equipment, Plant and Office Equipment	500,323.00	532,018.00	Other Provisions and Accrued Liabilities	2,118,232.25	2,127,063.66
4. Advances paid and Assets under Construction	1,393,546.77	592,577.10	C. Liabilities		
	<u>6,196,623.77</u>	<u>6,110,710.10</u>	1. Liabilities to Banks	1,019,808.05	431,556.04
III. Noncurrent Financial Assets			2. Liabilities Trade	1,988,697.21	2,083,185.48
Other Loans	296,300.68	287,670.56	3. Other Liabilities	<u>4,509,271.22</u>	<u>742,239.34</u>
Total Noncurrent Assets	6,509,386.45	6,402,344.66		<u>7,517,776.48</u>	<u>3,256,980.86</u>
B. Current Assets				16,519,216.94	7,342,270.03
I. Inventories					
1. Raw Materials and Supplies	23,841.10	44,633.20			
2. Work in Progress	47,600.00	81,100.00			
3. Finished Goods	14,630.12	24,941.63			
	<u>86,071.22</u>	<u>150,674.83</u>			
II. Receivables and other Current Assets					
1. Receivables Trade	60,022.62	33,236.27			
2. Other Current Assets	95,896.20	145,235.98			
	<u>155,918.82</u>	<u>178,472.25</u>			
III. Cash at Hand and in Bank	9,738,572.67	608,112.75			
Total Current Assets	9,980,562.71	937,259.83			
C. Deferred Expenses	29,267.78	2,665.54			
	<u>16,519,216.94</u>	<u>7,342,270.03</u>			

INCOME STATEMENT for the Fiscal Year from January 1 to December 31, 2020

Pyrum Innovations AG
Dillingen/ Saar

	Current Year EUR	Prior Year EUR
1. Revenues	662,747.95	169,725.23
2. Increase/Decrease of Finished Goods	-10,311.51	24,941.63
3. Increase/Decrease of Work in Progress	-33,500.00	17,500.00
4. Other own Work Capitalized	1,174,678.22	2,740,923.87
5. Other Operating Income	374,763.62	652,683.52
6. Expenses for Materials		
a) Expenses for Raw Materials and Supplies and for purchased goods	880,507.43	2,190,674.40
b) Expenses for Purchased Services	333,102.18	129,996.25
	<u>1,213,609.61</u>	<u>2,320,670.65</u>
7. Personnel Expenses		
a) Wages and Salaries	1,589,896.66	1,039,361.30
b) Social Security Contributions and Expenses for old-age procurement and assistance	301,021.82	189,483.24
	<u>1,890,918.48</u>	<u>1,228,844.54</u>
8. Depreciation on Intangible Noncurrent Assets and Property, Plant, and Equipment	1,225,013.62	944,748.17
9. Other Operating Expenses	1,296,401.08	815,820.46
10. Income from Noncurrent Loans	8,630.12	8,430.00
11. Other Interest and similar Income	6,816.94	77.96
12. Interest and similar Expenses	129,213.85	87,592.99
13. Taxes from Income	<u>0.00</u>	<u>0.00</u>
14. Result after Tax	-3,571,331.30	-1,783,394.60
15. Taxes other than Income Taxes	3,686.00	3,339.00
	<u>-3,575,017.30</u>	<u>-1,786,733.60</u>
16. Net Loss of the Year	-3,575,017.30	-1,786,733.60
17. Losses carried Forward	-3,686,083.67	-1,899,350.07
	<u>-7,261,100.97</u>	<u>-3,686,083.67</u>
18. Accumulated Losses	<u>-7,261,100.97</u>	<u>-3,686,083.67</u>

Notes to the Financial Statements for the Fiscal Year 2020

1. General Disclosures to the Financial Statements

Disclosures for Identification Purposes according to the Trade Registry Court

The following information is entered in the commercial register at the balance sheet date:

Company name according to the registry court:	Pyrum Innovations AG
Principal office according to the registry court:	Dillingen/Saar
Registry section:	Commercial register Abt. B
Registry court:	Saarbrücken
Registry number.:	104458

2. Disclosure to Accounting and Valuation Methods

2.1 Accounting, Valuation and Classification Principles

The annual financial statements are compiled in accordance with the accounting regulations set forth in the German Commercial Code (sec 242 et seq. Handelsgesetzbuch – HGB -), under particular consideration of the special accounting regulations for companies. The classification of the balance sheet and income statement is based on the rules for large corporations. For the notes to the financial statements, the exemptions for small companies were partially used. The annual financial statements have been expanded by a cash flow statement; the principles of the German accounting standard DRS 21 are observed here.

Acquired intangible assets were recognized at purchase cost and, if they have a limited useful life, reduced by scheduled depreciation. Self-generated intangible assets were not capitalized.

Property, plant and equipment is recognized at acquisition or production cost and, if they have a limited useful life, reduced by scheduled depreciation.

Direct material costs, direct and overhead production costs, the depreciation of the fixed assets used for the provision of the service as well as an appropriate portion of the administrative overhead costs, were included in the production costs. Interest on borrowed capital is not included in the production costs.

Subsequent acquisition and manufacturing costs are only capitalized, if the scope, the function or the performance of a technical system in operation is significantly expanded. The depreciation is linear over the remaining useful life.

The scheduled depreciation was carried out on a straight-line basis, based on the expected useful life of the assets.

Low-value fixed assets up to EUR 800,00 were depreciated completely in the year of the acquisition.

The financial assets were recognized at acquisition cost. Impairment allowances to the lower fair value were not necessary.

Raw materials, consumables and supplies were capitalized at their acquisition costs. Work in

progress and finished goods were stated at their production costs. Inventories are written down to their fair value as of the balance sheet date.

Receivables and other assets were capitalized at their nominal value and valued considering all identifiable risks.

The other provisions were recognized for all uncertain liabilities and for expected losses from onerous contracts. In doing so, all identifiable risks were taken into account. Based on prudent business judgement, the provisions were valued at the amount that is necessary to fulfill the respective obligation. The costs at the probable future point in time of settlement were considered. Provisions that are expected to be settled more than one year after the balance sheet date, have been discounted. The estimated remaining terms used here are based on the management's expectations regarding the probable future utilization, in particular the medium-term planning for the plant construction. The term-dependent discount rates determined by the Deutsche Bundesbank were used for discounting. The income from discounting as well as interest effects from changes in interest rates and a changed estimate of the terms are recorded as interest income or interest expense.

Deferred taxes were accounted for and valued in accordance with sec. 274 of the German Commercial Code. Deferred tax assets and liabilities are set off. According to the option in sec. 274 para 1 sentence 2 of the German Commercial Code, a net deferred tax asset balance is not recognized in the balance sheet.

Liabilities were recognized at the settlement amount.

Revenues are recognized upon delivery of the product or upon completion of the service rendered.

Income from public grants is realized when the grant commitments are made or the grant agreements have been concluded and to the extent that the funded measures have been carried out or are fulfilled. Income from grants for assets subject to capitalization is recognized in full as income at the time of completion or commissioning of the fixed asset; a prorated amortization according to the useful life of the system doesn't take place.

The income is shown as other operating income; claims to realized grant funds are shown under the other assets; funds already received, but not yet realized are shown as other liabilities.

2.2 Changes of Accounting, Valuation and Classification Methods compared to the Previous Year

There were no changes to the accounting, valuation and classification methods.

3. Disclosures to the Balance Sheet

The fluctuation of the noncurrent assets reporting lines is shown below in the noncurrent asset schedule, including the depreciation for the fiscal year.

Fluctuation of the Noncurrent Assets as of December 31, 2020

Pyrum Innovations AG
Dillingen/ Saar

	Acquisition and Production Costs					Cumulative Depreciation					Book Value	
	1st Jan. 2020 EUR	Additions EUR	Disposals EUR	Reclassi- fications EUR	31th Dec. 2020 EUR	1st Jan. 2020 EUR	Additions EUR	Disposals EUR	Reclassi- fications EUR	31th Dec. 2020 EUR	31th Dec. 2020 EUR	31th Dec. 2019 EUR
I. Noncurrent Intangible Assets												
Acquired Rights and Licenses on such Rights	12,088.40	18,780.00	0.00	0.00	30,868.40	8,124.40	6,282.00	0.00	0.00	14,406.40	16,462.00	3,964.00
	12,088.40	18,780.00	0.00	0.00	30,868.40	8,124.40	6,282.00	0.00	0.00	14,406.40	16,462.00	3,964.00
II. Property, Plant, and Equipment												
1. Buildings on Leasehold Property	29,904.07	20,124.20	0.00	188,261.57	238,289.84	9,098.07	7,534.77	0.00	0.00	16,632.84	221,657.00	20,806.00
2. Technical Equipment and Machines	7,822,200.59	187,645.95	0.00	0.00	8,009,846.54	2,856,891.59	1,071,857.95	0.00	0.00	3,928,749.54	4,081,097.00	4,965,309.00
3. Other Equipment, Plant and Office Equipment	886,515.55	180,856.90	209,891.22	0.00	857,481.23	354,497.55	139,338.90	136,678.22	0.00	357,158.23	500,323.00	532,018.00
4. Advances paid and Assets under Construction	592,577.10	989,231.24	0.00	-188,261.57	1,393,546.77	0.00	0.00	0.00	0.00	0.00	1,393,546.77	592,577.10
	9,331,197.31	1,377,858.29	209,891.22	0.00	10,499,164.38	3,220,487.21	1,218,731.62	136,678.22	0.00	4,302,540.61	6,196,623.77	6,110,710.10
III. Noncurrent Financial Assets												
Other Loans	287,670.56	8,630.12	0.00	0.00	296,300.68	0.00	0.00	0.00	0.00	0.00	296,300.68	287,670.56
	287,670.56	8,630.12	0.00	0.00	296,300.68	0.00	0.00	0.00	0.00	0.00	296,300.68	287,670.56
	9,630,956.27	1,405,268.41	209,891.22	0.00	10,826,333.46	3,228,611.61	1,225,013.62	136,678.22	0.00	4,316,947.01	6,509,386.45	6,402,344.66

The advances paid and assets under construction, amounting to 1,393,546.77 EUR, essentially consist of:

Coal mill	(start of construction 2020)	EUR 704,956.38
Gas filtration system	(start of construction 2018)	EUR 544,763.15

The long term loan is granted to Pyrum Innovations International S.A., Schengen/Luxemburg.

In the amount of 7,224.81 EUR (previous year: 0,00 EUR), there are other noncurrent assets with a remaining term of more than one year.

A bank balance of 207,003.65 EUR has been pledged to secure bank loans.

3.1 Development of the Share Capital and the Capital Reserve

At the annual general meeting on 9th September 2020, the share capital was increased by the issue of 257,024 new shares against cash contribution from 2,313,211.00 EUR by 257,024.00 EUR to 2,570,235.00 EUR. The new shares were taken over by BASF Antwerpen NV, Antwerp/Belgium. In addition, the new shareholder contributed 8,242,976.00 EUR to the capital reserve according to sec. 272 para 2 no. 4 of the German Commercial Code.

The capital reserve according to sec. 272 para 2 no. 1 of the German Commercial Code amounted is 3,331,098.18 EUR as of 31st December 2019 and unchanged as of 31st December 2020.

3.2 Conditional Capital, Convertible Loan

By resolution of the annual general meeting on 9th September 2020, the executive board was authorized to issue convertible bonds in the amount of 6,600,000.00 EUR with an annual interest rate of 3% latest by 31st December 2024. The subscription right of the shareholders was excluded. The BASF Antwerpen NV is permitted to the subscription of the convertible bond. The receipt of the convertible bond is in relation to 33,070108 to 1, so that convertible bonds with a nominal amount of 6,600,000.00 EUR can be exchanged for 199.576 new shares with a nominal amount of 1.00 EUR. As a result of this resolution, the share capital of the AG is conditionally increased by 199,576.00 EUR (conditional capital 2020/I). The conditional capital increase will only be carried out to the extent, that the owner of the convertible bonds makes use of his conversion right.

On 9th September 2020, the executive board, with the approval of the supervisory board, concluded a convertible loan agreement of 6,600,000.00 EUR with BASF Antwerpen NV. The loan bears interest at 3% p.a. The loan is paid out in tranches when certain milestones are reached. Each tranche has a term of 10 years and repayment begins at the beginning of the third year, after it is granted. An ordinary termination is excluded. The lender is entitled to extraordinary termination for good cause. The lender's option to convert into shares according to the exchange ratio described above only exists in the event of termination for good cause.

As of 31st December 2020, one tranche of the convertible loan, in the amount of 1,880,000.00 EUR has been paid; the loan is shown under other liabilities. As the conversion right associated with the loan can only be exercised in the event of termination for an important reason and the other loan conditions are assessed as being line with the market, this conversion right doesn't have a separate economic value, which would need to be recognized in the capital reserve according to sec. 272 para 2 no. 3 of the German Commercial Code.

3.3 Disclosures to the Liabilities

The liabilities break down as follows:

	Remaining term up to one year		Remaining term of more than one year	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	Euro	Euro	Euro	Euro
Liabilities				
due to credit institutions	207.609,33	173.260,08	812.198,72	258.295,96
accounts payable trade	703.365,28	513.779,69	1.285.331,93	1.569.405,79
thereof hire-purchase liabilities	374.539,07	349.274,22	1.285.331,93	1.569.405,79
others	1.494.692,56	339.351,15	3.014.578,66	402.888,19
thereof convertible loans	0,00	0,00	1.880.000,00	0,00
thereof other loans	111.057,05	301.875,00	1.601.394,87	402.888,19
thereof from public grants	808.085,45	0,00	0,00	0,00
thereof from taxes	28.149,35	16.566,38	0,00	0,00
thereof for social security	27.337,45	10.200,36	0,00	0,00
total	1.938.850,96	1.026.390,92	5.578.925,52	2.230.589,94

The amount of the liabilities with a remaining term of more than five years is 1,191,250.13 EUR (previous year: 11,401.89 EUR).

The liabilities to banks are secured in the amount of 111,644.58 EUR by assignment of fixed assets. For liabilities of 164,581.46 EUR a cash backing was provided.

The hire-purchase liabilities in the amount of 1,659,871.00 EUR are secured by retention of ownership title or assignments by way of security to fixed assets.

A manufacturer's loan in the amount of 526,106.11 EUR shown in other liabilities, is secured by transferring ownership of the facility, that is still under construction.

The remaining loans reported under other liabilities in the amount of 1,186,345.81 EUR (previous year: 704,763.19 EUR), were granted by shareholders of the company. They are unsecured, have terms of up to 4 years and interest rates between 2.5 and 6.0 %.

3.4 Other Financial Obligations Not Recognized in the Balance Sheet

In addition to the liabilities shown in the balance sheet, there are other financial obligations.

Obligations from rental and leasing contracts:	TEUR
payable in 2021	101
payable in 2022	90
payable in 2023	58
in subsequent years	13
	<u>262</u>

The order commitment from a purchase contract for system components is 5,000 TEUR.

Contingent liabilities arising from the cooperation agreements exist in the amount of 428 TEUR. The executive board of Pyrum Innovations AG estimates the probability that claims will be made against the company from these contingent obligations as remote.

The company is jointly liable from a convertible loan from BASF Antwerpen NV to Pyrum Innovations International S.A., Schengen/Luxemburg in the amount of 400,000.00 EUR. As of 31st December 2020, the amount of 120,000.00 is paid out. The executive board of Pyrum

Innovations AG estimates the probability that claims will be made against the company from this joint liability as remote.

3.5 Income Statement

The revenues break down as follows

Operation of the recycling plant	EUR 599.717,00
Research contracts	EUR 56.536,50
Other revenues	EUR 6.494,45
	EUR 662.747,95

The other own work capitalized in 2020, in the amount of 1,174,678.22 EUR, result mainly from extensions and improvements of the plants in Dillingen/Saar. In the amount of 705 TEUR, they primarily relate to the coal mill, which was in the acceptance phase on the balance sheet date, the gas filtering and oil processing systems still under construction (together 80 TEUR), as well as the planning costs of new plants (53 TEUR). Improvements to the systems in operation are included with 187 TEUR. For the hall for the coal mill which was completed in 2020, own work in the amount of 150 TEUR has been capitalized.

Own work includes the total expenditure for the year for self-constructed property, plant and equipment, consisting primarily of material input (approx. 649 TEUR), external work (333 TEUR) and the own work of Pyrum-staff valued at full cost (TEUR 187).

The other operating income, amounting to 374,763.62 EUR, essentially includes investment grants of around 210 TEUR (previous year: 560 TEUR).

The cost of materials consist of the cost for raw material and supplies amounting to 880,507.43 EUR and the cost of purchased services amounting to 333,102.18 EUR. The two largest items of raw materials, consumables and supplies concern the use of materials for investments in the company's own system, with around 648 TEUR and on energy in the amount of 198 TEUR. These are primarily electricity costs for running the shredder system and for starting up the pyrolysis system.

The external services include the external engineering and assembly services for the construction and expansion of the company's own fixed assets.

The personnel expenses include all wages and salaries of the staff and the board of directors, as well as expenses for temporary workers and mini-jobs, and the employer's share of social security contributions. The short-time work allowance, paid by the Employment Agency, is deducted directly from the wages and salaries.

The expenses for pensions amount to 7,462.00 EUR (previous year: 9,803.00 EUR).

The other operating expenses split as follows:

Legal and consulting costs	EUR 243.599,49
Repairs and maintenance	EUR 200.211,47
Operating cost	EUR 187.838,29
Land and building rents and ancillary costs	EUR 140.565,59
Insurance, contributions, levies	EUR 119.403,72
Vehicle costs	EUR 115.246,96
Other operating expenses	EUR 289.535,56
	EUR 1,296,401.08

The legal and consulting costs also include technical advice and analyzes.

The other interest and similar income include interest income from the present value capitalisation of provisions, in the amount of 6,766.79 EUR (previous year: 0.00 EUR).

The interest expenses amounted to 129,213.86 EUR and were mainly used to finance the noncurrent assets. Interest expenses include 0.00 EUR (previous year: 31,214.27 EUR) from the discounting of provisions.

3.6 Cash Flow Statement

The cash and cash equivalents are as follows:

	31.12.2020 EUR	31.12.2019 EUR	31.12.2018 EUR
Petty cash and cash at banks	9.738.572,67	608.112,75	414603,60
Less cash at banks pledged for security	- 207.003,48	- 207.003,48	-7.003,48
Cash and cash equivalents	9.531.569,19	401.109,27	407.600,12

The cash flow from business activities is shown using the indirect method.

In 2019, the non-cash investments in fixed assets included the tire shredder system financed through a hire-purchase agreement, three work machines and two cars, with a total of 2,091,295.64 EUR.

The payments from public subsidies relate to the multi-year EC research project „Blackcycle“ for tire recycling with 776 TEUR in 2020, and in both years to regional and state subsidies for the investments at the Dillingen/Saar site.

4. Other Disclosures

The average headcount of employees in the company during the year was 35.

4.1 Names of the Members of the Management Board and the Supervisory Board

Executive board: Name

Chair: Pascal Klein

Further member: Michael Kapf

Supervisory board: Name

Chair: Alf Schmidt

Deputy Chair: Manfred Alt

Further members: Jürgen Opitz

Jürgen Fischer

Dr. Christian Lach

Matthias Lindner

from 9th September 2020 to 1st April 2021

since 1st April 2021

The members of the supervisory board Dr. Lach and Lindner are delegated by the shareholder BASF Antwerpen NV due to the right of delegation included in the Articles of Association on 9th September 2020.

4.3 Granting of Loans and Advances to Members of Governing Bodies

A short-term loan granted in 2019 to board member Pascal Klein still existed as of 31st December

2019, in the amount of 3,424.25. In the current fiscal year it was repaid except for a remaining amount of 239.96 EUR. The loan is unsecured and bears 1% p.a. interest.

4.4 Signatures of the Executive Board

Dillingen/Saar, 22nd April 2021

Pascal Klein

Michael Kapf

CASH FLOW STATEMENT for the Fiscal Year from January 1 to December 31, 2020

Pyrum Innovations AG**Dillingen/Saar**

	2020 Euro	2019 Euro
Result of the period	-3.575.017,30	-1.786.733,60
Depreciation/reversal of property, plant and equipment and noncurrent intangible assets	1.225.013,62	944.748,17
Increase/decrease of provisions and accrued liabilities	95.935,38	53.053,17
Increase/decrease of inventories, receivables trade and other assets not allocable to the investing or financing activities	-21.988,20	-271.109,55
Increase/decrease of payables trade and other liabilities not allocable to the investing or financing activities	222.951,63	-78.025,84
Gains/losses from the disposal of noncurrent assets	-21.682,13	20,80
Interest expense/income	113.766,79	79.085,03
Other income not allocable to the cash flow from operating activities	<u>-209.851,00</u>	<u>-560.000,00</u>
Cash flow from operating activities	-2.170.871,21	-1.618.961,82
Payments made for noncurrent intangible assets	-18.780,00	-2.500,00
Payments received from the disposal of property, plant and equipment	83.638,13	32.560,20
Payments made for property, plant and equipment	-1.377.858,29	-1.040.070,60
Interest received	<u>50,15</u>	<u>77,96</u>
Cash flow from investing activities	-1.312.950,01	-1.009.932,44
Payments received from capital contributions by shareholders	8.500.000,00	1.440.637,36
Additions to financial liabilities	3.690.000,00	900.000,00
Repayment of financial liabilities	-608.557,00	-132.818,42
Payments received from government grants/subsidies	1.111.736,45	466.200,00
Interest paid	<u>-78.898,31</u>	<u>-51.615,53</u>
Cash flow from financing activities	12.614.281,14	2.622.403,41
Cash-effective changes of the cash and cash equivalents	9.130.459,92	-6.490,85
Cash and cash equivalents at the beginning of the period	<u>401.109,27</u>	<u>407.600,12</u>
Cash and cash equivalents at the end of the period	9.531.569,19	401.109,27

General Engagement Terms

for

Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms]
as of January 1, 2017

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [Translators Note: The German term "*Textform*" means in written form, but without requiring a signature] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of *Wirtschaftsprüfer*: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party
- b) examination of tax assessments in relation to the taxes referred to in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)
- e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

- a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax;
- b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;
- c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and
- d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.