

Pyrum Innovations AG

Dillingen / Saar

REPORT OF THE SUPERVISORY BOARD

DEAR SHAREHOLDERS,

For Pyrum Innovations AG, the 2022 financial year was essentially determined by the construction and completion of the plant in Dillingen/ Saar, as well as the search for partners to realise further plants. While the first quarter of 2022 was still dominated by the IPO, which ended on 30 March 2022 with the listing on the Frankfurt Stock Exchange in the over-the-counter segment "Scale", it was subsequently necessary to prove oneself in the further development of the business. This was to be achieved with the expansion of the plant in Dillingen/ Saar, despite the challenges involved. However, the company also felt very clearly the after-effects of the economic crisis caused by the COVID-19-pandemic, particularly in the areas of component availability and the associated longer delivery times, especially for electronic components, which only shortened again in the third quarter of 2022. Here, among other things, the partnership with Siemens AG helped to bring the topics of automation and digitalisation forward.

I would like to express my special thanks to you, our shareholders, for placing your trust in Pyrum Innovations AG, the Executive Board and the staff during the past financial year.

CONTINUOUS DIALOGUE WITH THE BOARD OF DIRECTORS

In the past financial year 2022, we duly performed the supervisory and advisory duties incumbent upon us as the Supervisory Board in accordance with the law, the Articles of Association and the Rules of Procedure with great care. We kept ourselves regularly informed about the situation of the company through written and oral reports from the Executive Board and supported the Executive Board in its management and strategic development as well as in significant business events.

The Executive Board and the Supervisory Board also jointly discussed business development, corporate policy and planning. All measures requiring the approval of the Supervisory Board, as well as decisions of fundamental importance for the company, were discussed in detail with the Executive Board. The cooperation was characterised by a trusting exchange at all times.

In addition to the four regular ordinary meetings of the Supervisory Board on 22 March 2022, 10 May 2022, 28 September 2022 and 12 December 2022, four extraordinary meetings of the Supervisory Board were also held in the reporting year. The meetings were generally held in person and in some cases as video conferences.

In the Supervisory Board meetings, the Executive Board informed the Supervisory Board comprehensively about the situation and development of the company. In doing so, it coordinated all steps towards the IPO of Pyrum Innovations AG at the Frankfurt Stock Exchange, the further strategic orientation of the company as well as essential individual measures with us. We had sufficient opportunity to critically examine the reports and proposed resolutions of the Executive Board. In doing so, we assured ourselves of the proper management of the company by the Executive Board.

Outside of meetings, the members of the Supervisory Board were regularly and promptly informed in written and oral reports about, among other things, the course of business, the balance sheet and earnings situation, corporate planning issues, opportunities and risks, as well as significant individual topics.

FOCAL POINTS OF THE SUPERVISORY BOARD MEETINGS

In all meetings, the Supervisory Board discussed the comprehensive, detailed reports of the Executive Board in detail and discussed the development of the company as well as strategic issues with the Executive Board and discussed the overall economic conditions.

In the meetings of 2022, the Supervisory Board intensively discussed the opportunities and risks in the expansion of the location as well as in the search for partners to build new plants. The discussions also focused on the financing of the projects and the associated need to allocate further capital. In order to be able to raise equity capital flexibly, the stock resolutions necessary to carry out capital measures are now to be passed by the annual general meeting 2023.

But important decisions in the current business were also discussed in detail with the Executive Board. This concerned in particular the increased energy and construction costs, adjustments in the purchase prices for tyres, the sales prices for oil and carbon black as well as the sales prices for entire plants. Another important topic was delivery delays from suppliers. The topic of industrial carbon black (rCB = recovered carbon black) and the related construction of a pelletising plant as well as the necessary certifications at the tyre manufacturers were discussed and accompanied.

Cost management was also one of the main topics, especially due to the increase in costs beyond the planned budget. The issue of costs was closely monitored with the help of a stress test. The topic of rising staff costs and staff retention occupied the Supervisory Board in all meetings.

The noticeably increased acceptance of Pyrum's end products pyrolysis oil and rCB can be seen in the significantly increased interest of well-known manufacturers such as Mercedes and Schwalbe, who contribute to closing product cycles by manufacturing vehicle parts or new tyres from Pyrum's rCB, a goal that the Executive Board and the Supervisory Board had set themselves from the beginning. The successfully completed certifications (ISCC+ certification, VDA 6.3 audit, ISO 9001, ISO 14001, Eco Vadis silver status) were a prerequisite for this increased utilisation of raw materials already in use.

From an organisational point of view, it should be reported that new rules of procedure for the Executive Board were adopted at the meeting of 10 May 2022.

The points explained here are only a small excerpt of what the Supervisory Board discussed with the Executive Board and during which it accompanied it. You can find details and other important topics in the company's annual report.

Due to its small size, the Supervisory Board has so far refrained from forming Supervisory Board committees for reasons of efficiency.

INDIVIDUALISED DISCLOSURE OF MEETING ATTENDANCE

The participation rate of the members in the meetings of the Supervisory Board was almost 100%. The meetings were generally held as face-to-face meetings and partly as video conferences. The participation of the members of the Supervisory Board in the meetings of the Supervisory Board is disclosed below in individualised form:

	Number of sessions	Participation in %
Alf Klaus Schmidt (Chairman)	8/8	100
Renata Bandov	2/2	100
Manfred Oswald Alt	8/8	100
Jürgen Franz Opitz	8/8	100
Matthias Lindner	7/8	88

ANNUAL AUDIT AND GROUP AUDIT 2022

The annual financial statements and the consolidated financial statements as of 31 December 2022 were prepared by the Executive Board of Pyrum Innovations AG in accordance with the provisions of the German Commercial Code (HGB); the notes to the financial statements and the consolidated notes were combined. Dipl.-Kfm. Christian Hecht, auditor and tax consultant, Eschborn, audited the annual financial statements and the consolidated financial statements and issued an unqualified audit opinion. The auditor conducted the audit in accordance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany).

The financial statement documents and the auditor's report were available to all members of the Supervisory Board in good time, so that they were able to deal intensively with and discuss the documents.

The auditor attended the meeting of the Supervisory Board on 17 May 2023 to discuss the annual financial statement documents and reported on the main audit findings. The questions of the Supervisory Board members were discussed in detail. The Supervisory Board's own

review of the annual and consolidated financial statement documents did not result in any objections, so that we concurred with the auditor's findings.

The annual financial statements prepared by the Executive Board and the consolidated financial statements of Pyrum Innovations AG as at 31 December 2022 were approved at the meeting of the Supervisory Board on 17 May 2023 and the annual financial statements were thus adopted at the same time.

CHANGES IN THE SUPERVISORY BOARD AND EXECUTIVE BOARD

There were personnel changes in the bodies of the Supervisory Board and Executive Board of Pyrum Innovations AG in the reporting year 2022. At the Supervisory Board meeting on 22 March 2022, the Executive Board mandate of Mr Pascal Klein was extended until 31 January 2028. In the meeting on 29.03.2022, Mr Kai Winkelmann was appointed Chief Financial Officer for the period from 01 April 2022 to 31.03.2025.

Ms Renata Bandov was elected as a Supervisory Board member by the Annual General Meeting on 14 July 2022.

OUTLOOK

The 2023 business year will place high demands on all employees and the company's management, not least due to the overall economic situation.

Russia's attack on Ukraine, the resulting war and its consequences, high inflation in the most important industrialised countries, supply bottlenecks for selected products as well as a possible recession in Europe and the USA, the conflict with China over the issue of Taiwan, aggressive industrial policies of individual countries, these will continue to occupy us and the global economy in the current business year. But the focus is also on the very positive development in the world to combat climate change and to deal with the use of resources in a much more careful way. We believe that Pyrum Innovations AG is well equipped to meet these challenges and are therefore confident about the further development of our company.

The Supervisory Board expresses its gratitude and appreciation to the Executive Board and all employees for their work in the 2022 financial year and their great commitment, especially in preparing the IPO.

Dillingen/ Saar, 17 May 2023
The Supervisory Board

Alf Klaus Schmidt
Chairman