Annual General Meeting of Pyrum Innovations AG on 13 July 2023

Report of the Executive Board on agenda item 7 concerning the resolution on the cancellation of the authorised capital, the creation of new authorised capital with authorisation to exclude subscription rights and the corresponding amendment to the Articles of Association

The Executive Board and the Supervisory Board propose to the Annual General Meeting on 13 July 2023 under agenda item 7 to cancel the Authorised Capital 2021 and to authorise the Executive Board, with the consent of the Supervisory Board, to increase the share capital of the Company until the end of 12 July 2028 once or in partial amounts by a total of up to EUR 1,301,494 by issuing new no-par value shares against cash and/or non-cash contributions (Authorised Capital 2023), which corresponds to 40% of the share capital. The new Authorised Capital 2023 is intended to increase the Company's flexibility and to enable it to continue to provide adequate and flexible equity financing in the future. The cancellation of the Authorised Capital 2021 shall only become effective if the new Authorised Capital 2023 replaces the Authorised Capital 2021.

With regard to the proposed authorisation to exclude shareholders' subscription rights, the Executive Board submits the following written report pursuant to Section 203 (2) Sentence 2 in conjunction with Section 186 (4) Sentence 2 German Stock Corporation Act:

In principle, shareholders are entitled to subscription rights in the event of a capital increase from the Authorised Capital 2023. The shares may also be taken over by one or more credit institutions or companies determined by the Executive Board within the meaning of Section 186 (5) Sentence 1 German Stock Corporation Act with the obligation to offer them exclusively to the shareholders for subscription (indirect subscription right). However, the Executive Board shall be authorised – similarly as already under the Authorised Chapter 2021 and in accordance with the statutory provisions – in the cases explained below, with the consent of the Supervisory Board, to exclude the shareholders' subscription right in whole or in part.

The Executive Board shall be authorised, with the consent of the Supervisory Board, to exclude shareholders' subscription rights for fractional amounts. This is common practice and also objectively justified in order to enable a practicable subscription ratio and thus facilitate the technical execution of a capital increase. Without such exclusion of the subscription right, the technical execution of the capital increase and the exercise of the subscription right would be considerably more difficult. The new shares excluded from the subscription right of the shareholders as so-called "free fractions" will be realised either by sale on the stock exchange or in another manner in the best possible way for the Company.

Furthermore, the Executive Board shall be authorised, with the consent of the Supervisory Board, to exclude the subscription right in the case of cash capital increases if the issue price of the new shares is not significantly lower than the stock exchange price of the already listed shares of the same class and features at the time of the final determination of the issue price by the Executive Board within the meaning of Sections 203 (1) and (2), 186 (3) Sentence 4 of the German Stock Corporation Act, whereby the stock exchange price shall also be deemed to be the price of a depositary share admitted to trading on a foreign stock exchange, of which each depositary share represents one share. This authorisation pursues the goal of facilitating the Company's corporate financing by way of raising equity capital. The use of this possibility to exclude subscription rights may be expedient in order to take advantage of favorable market conditions quickly and flexibly and, if necessary, to cover a capital requirement arising in this context at very short notice. Only the exclusion of the subscription right enables rapid action and a placement close to the stock market price, i.e. without the usual discount for subscription right issues. When exercising the authorisation, the Executive Board will endeavor to keep any deviation from the stock exchange price as low as possible according to the market conditions prevailing at the time of the placement. The proportion of the share capital attributable to the shares issued under such exclusion of subscription rights may not exceed a total of 10% of the share capital either at the time the authorisation becomes effective or at the time it is exercised. This limit shall include shares issued or to be issued to fulfill option or conversion rights or option or conversion obligations under bonds with warrants and/or convertible bonds and/or profit participation rights, provided that the bonds are issued during the term of this authorisation in analogous application of Section 186 (3) Sentence 4 of the German Stock Corporation Act (AktG) under exclusion of subscription rights; furthermore, shares issued during the term of this authorisation under simplified exclusion of subscription rights pursuant to or in accordance with Section 186 (3) Sentence 4 of the German Stock Corporation Act (AktG) or sold after repurchase shall be included. In accordance with the statutory provisions, these requirements take into account the shareholders' interest in protection against dilution of their shareholdings. Moreover, due to the issue price of the new shares being close to the stock exchange price and due to the limitation in size of the capital increase without subscription rights, the shareholders generally have the possibility to maintain their shareholding quota by acquiring the required shares at approximately the same conditions via the stock exchange.

Furthermore, the Executive Board shall be authorised, with the consent of the Supervisory Board, to exclude shareholders' subscription rights in the case of capital increases against contributions in kind, in particular for the purpose of granting shares in the context of mergers or for the purpose of acquiring companies, parts of companies, participations in companies or other assets or claims to the acquisition of assets, including claims against the Company or its Group companies. The Company must at all times be in a position to act quickly and flexibly in the interests of its shareholders. This also includes entering into business combinations at short notice or acquiring companies, parts of companies, participations in companies as well as assets or claims to the acquisition of assets related to an acquisition project in order to improve its competitive position. The granting of shares as consideration may be appropriate or even necessary in order to preserve liquidity or to meet the seller's expectations. Furthermore, the granting of shares instead of cash can also be useful for an optimal financing structure. The Authorised Capital 2023 and the authorisation to exclude subscription rights will enable the Company to take advantage of such opportunities quickly, flexibly and cost-effectively. When exercising the authorisation, the Executive Board will ensure that the interests of the Company and its shareholders are adequately safeguarded and that an appropriate issue price is achieved for the new shares. The dilution of the shareholders' shareholdings caused by the exclusion of subscription rights is offset by the fact that the business expansion is financed by third parties by way of strengthening equity and the existing shareholders - albeit with a lower participation and voting right quota than before - participate in a corporate growth which they would have to finance from their own funds if subscription rights were granted. In addition, every shareholder can in principle increase his shareholding quota again through the stock exchange by acquiring additional shares.

The total shares issued under the authorisations to exclude subscription rights explained above may not exceed 10% of the share capital, neither at the time the authorisation becomes effective nor at the time it is exercised. The aforementioned 10% limit shall include (i) shares of the Company issued during the term of this authorisation under exclusion of subscription rights from other authorisations and (ii) shares of the Company to be issued to fulfill option or conversion rights or option or conversion obligations from warrant bonds and/or convertible bonds and/or participation rights, provided that the warrant bonds and/or convertible bonds and/or participation rights are issued during the term of the proposed authorisation under exclusion of subscription rights. This capital limit restricts the total scope of an issue of shares from the Authorised Capital 2023 without subscription rights and, in addition, the sale of own shares without subscription rights and the issue of bonds without subscription rights. In this way, the shareholders are additionally protected against a dilution of their shareholdings.

There are currently no concrete plans to utilise the Authorised Capital 2023. In any case, the Executive Board will carefully examine whether the utilisation of the Authorised Capital 2023 is in the interest of the Company. In particular, it will also examine whether any exclusion of subscription rights is objectively justified in individual cases. The Executive Board will report to the next General Meeting on each utilisation of the authorisation.

Dillingen/ Saar, June 2023

Pyrum Innovations AG

The Executive Board

Pascal Klein Michael Kapf Kai Winkelmann