

Convenience Translation

Pyrum Innovations AG Dillingen / Saar

REPORT OF THE SUPERVISORY BOARD

DEAR SHAREHOLDERS

The financial year 2021 was a special one for Pyrum Innovations AG. Pyrum Innovations AG was listed on the “Euronext Growth” Oslo stock exchange on 30 September 2021 and on the “Scale” open market segment of the Frankfurt Stock Exchange on 30 March 2022. Extensive organisational preparations were required in the run-up to the IPO, which affected almost every area of activity of Pyrum Innovations AG and which constituted a major challenge for everyone involved. The decision to acquire the shares of Pyrum Innovations International S.A., Luxembourg, even subject to the condition precedent of a successful IPO and the related private placement of new shares, had a significant impact on the company structure. As a result of this step, which has now been implemented, the patents that are important for Pyrum Innovations AG’s business operations have been consolidated under unified management. It is the Supervisory Board’s opinion that the stock exchange listing is increasing our company’s name recognition, while the increased transparency requirements are also playing a part in further establishing our company on the market. The organisational improvements implemented in the course of the IPO will additionally strengthen Pyrum Innovations AG in its operational and strategic business development.

I would like to express my special thanks to you, our shareholders, for the trust you have placed in Pyrum Innovations AG, the Executive Board and the workforce over the past financial year.

CONTINUOUS DIALOGUE WITH THE EXECUTIVE BOARD

We performed the control and advisory tasks incumbent upon us as the Supervisory Board in accordance with the law, the articles of association and the rules of procedure properly and with great diligence in the 2021 financial year that has just ended. We regularly informed ourselves of the company’s situation by receiving written and verbal reports from the Executive Board, and we provided the Executive Board with support in its management and strategic development of the Company and also during significant business events.

In addition, the Executive Board and the Supervisory Board discussed the business performance and the corporate policy and planning with each other. We discussed all the measures that required the approval of the Supervisory Board as well as decisions of fundamental importance for the Company in great depth with the Executive Board. The co-operation has been characterised by an exchange of views conducted in a spirit of trust at all times.

In addition to the four regular ordinary meetings of the Supervisory Board on 9 March 2021, 18 June 2021, 1 October 2021 and 8 December 2021, 11 extraordinary meetings of the Supervisory Board were held in the year under review. The meetings were generally conducted in the form video conferences on account of the Covid-19 pandemic. Resolutions of the board were also adopted using a written circulation procedure on one occasion in September 2021 for reasons of time.

The Executive Board informed the Supervisory Board in detail about the company's position and performance during the meetings of the Supervisory Board. In this process, it co-ordinated with us all the steps in the IPO of Pyrum Innovations AG on the Oslo Stock Exchange, the company's future strategic direction as well as material individual measures. We had sufficient opportunity to subject the reports and proposed resolutions of the Executive Board to critical examination. We satisfied ourselves in this process that the Company is being correctly and appropriately managed by the Executive Board.

Outside of meetings, the members of the Supervisory Board were regularly and promptly briefed in written and verbal reports about the business performance, the balance sheet and earnings situation, questions relating to the corporate planning, opportunities and risks as well as significant individual issues.

FOCAL POINTS OF THE SUPERVISORY BOARD MEETINGS

At all its meetings, the Supervisory Board discussed the comprehensive, detailed reports of the Executive Board in great depth, talked with the Executive Board about the company's performance and strategic issues and considered the general macroeconomic conditions.

In the 2021 financial year, the Supervisory Board had to make decisions on the following matters relating to the Executive Board: by way of a written circulation procedure in September 2021, the term of office of Mr Michael Kapf on the Executive Board was extended to 15 October 2024. In the meetings in 2021, the Supervisory Board held intensive discussions on the new rules of procedure for the Executive Board, which were subsequently approved during the meeting on 10 May 2022. The rules of procedure of the Supervisory Board were also discussed and adopted in the 2021 financial year.

The Supervisory Board primarily concerned itself with the planned IPO at all of its meetings in the 2021 financial year and adopted the necessary resolutions in this respect. It also gave its approval, after extensive discussions, for the acquisition of the subsidiary Pyrum Innovations International S.A., Luxembourg, and approved the two property purchase agreements in order to expand the business premises in Dillingen. Detailed deliberations were also conducted on a regular basis concerning the operational business performance against the background of the Covid-19 pandemic and Pyrum AG's overall strategy; the Supervisory Board approved the expansion of the production facility in Dillingen and authorised the investment for this.

On account of its small size, the Supervisory Board has refrained so far from establishing supervisory board committees for reasons of efficiency.

INDIVIDUALISED BREAKDOWN OF ATTENDANCE AT MEETINGS

The attendance rate of the members at the meetings of the Supervisory Board was just under 100%. Because of the particular circumstances resulting from the Covid-19 pandemic, the meetings in the 2021 period under review were generally held as virtual meetings. The attendance of the members of the Supervisory Board at the board's meetings is broken down by individual member below:

	Number of meetings	Attendance in %
Alf Schmidt (chair)	15/14	93%
Manfred Alt	15/15	100%
Jürgen Opitz	15/15	100%
Jürgen Fischer	15/15	100%
Matthias Lindner	13/13	100%
Christian Lach	2/2	100%

AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE CONSOLIDATED FINANCIAL STATEMENTS 2021

The annual financial statements and the consolidated financial statements, which were drawn up for the first time, as at 31 December 2021 were prepared by the Executive Board of Pyrum Innovations AG in accordance with the regulations of the Handelsgesetzbuch (German Commercial Code - HGB); the notes to the annual financial statements and the consolidated financial statements were combined here. Christian Hecht, a German public auditor and tax consultant from Eschborn, has audited the annual financial statements and the consolidated financial statements and furnished them with unqualified auditor's report. The auditor conducted the audit in compliance with the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany).

The financial statements and the audit report of the auditor were presented to all members of the Supervisory Report in such good time that it was possible to examine and discuss the documents intensively.

The auditor took part in the meetings of the Supervisory Board on 10 and 18 May 2022 that were held to discuss the annual financial statements and reported on the material audit results. The questions of the Supervisory Board members were discussed in detail. No objections were produced during the Supervisory Board's own audit of the annual and consolidated financial statements, with the result that we endorsed the conclusion reached by the auditor.

The annual financial statements prepared by the Executive Board and also the consolidated financial statements of Pyrum Innovations AG as at 31 December 2021 were adopted at the meeting of the Supervisory Board on 18 May 2022 and the financial statements were thus approved at the same time.

CHANGES ON THE SUPERVISORY BOARD AND EXECUTIVE BOARD

The following personnel changes were made in the Supervisory Board and Executive Board management bodies of Pyrum Innovations AG in the 2021 period under review. The Supervisory Board member Dr Christian Lach was replaced by Mr Mathias Lindner at the meeting on 31 March 2021. The term of office of Mr Michael Kapf on the Executive Board was extended.

The Supervisory Board member Jürgen Fischer resigned from his position on 27 January 2022.

The term of office of Mr Pascal Klein on the Executive was extended to 31 January 2028 at the meeting of the Supervisory Board on 22 March 2022. At the meeting on 29 March 2022, Mr Kai Winkelmann was appointed as chief financial officer for the period from 1 April 2022 to 31 March 2025.

OUTLOOK

Not least because of the macroeconomic situation, the 2022 financial year will place high demands on all staff and on the company's management.

The past year was characterised by the Covid-19 pandemic, which will continue to concern us and the global economy also in the current financial year. Russia's invasion of Ukraine, the resulting war and its consequences will have an impact on general economic developments. We believe that Pyrum Innovations AG is well equipped to meet these challenges and are therefore view the future development of the Company with great confidence.

The Supervisory Board expresses its thanks and appreciation to the Executive Board and all the staff for the work they performed in the 2021 financial year and their great commitment especially during the preparation of the IPO.

Dillingen, 18 May 2022
The Supervisory Board

Alf Schmidt
Chair