

Pyrolyx AG

Munich

INVITATION TO THE ANNUAL GENERAL MEETING

The shareholders of our company are hereby invited to attend the Annual General Meeting

on Friday, 7 June, 2019,

at 9:00 o'clock

in the conference area of the ecos office center Munich,

(Access via Landshuter Allee 8, 3rd floor)

Landshuter Allee 8-10

80637 Munich, Germany.

I.

AGENDA

ITEM 1 Presentation of the adopted annual financial statements, the approved consolidated financial statements, the Group management report and the report of the Supervisory Board for the 2018 financial year

ITEM 2 Resolution on the ratification of the actions of the Management Board for the 2018 financial year

The Management Board and the Supervisory Board propose that the actions of the members of the Management Board who were in office in fiscal year 2018, Bernhard Meder and Michael Triguboff, be formally approved for this period and that the actions of the members of the Management Board who were in office in fiscal year 2018, Niels Raeder, Sven Eric Molzahn and Fikret Dülger, be denied.

ITEM 3 Resolution on the discharge of the Supervisory Board for the 2018 financial year

The Management Board and the Supervisory Board propose that the actions of the members of the Supervisory Board who were in office during the 2018 financial year be ratified for this period: Michael Carapiet, Dr. Lars Franken, David F. Groves, Dr. Amelia Hill, Michael Triguboff, David Steele and Guido Veit.

The Management Board and the Supervisory Board propose that no discharge be granted to Alexis Gurdjian and Robert Machinist, who were members of the Supervisory Board in office in the 2018 financial year, for this period.

ITEM 4 Election of the auditor for the 2019 financial year

The Supervisory Board proposes that Ms. Jeanette Lichtenstern, Wirtschaftsprüferin, Landsberg am Lech, be elected as auditor of the financial statements and the consolidated financial statements for the 2019 fiscal year.

ITEM 5 Amendment to the Articles of Association regarding size, term of office and remuneration of the Supervisory Board

The Management Board and the Supervisory Board propose that the following resolution be adopted:

§ 7 (1) of the Articles of Association shall be amended as follows:

“The Supervisory Board consists of five members.”

§ 7 (2) sentence 1 of the Articles of Association shall be amended as follows:

“The members of the Supervisory Board shall be elected for the period up to the end of the Annual General Meeting which resolves on the ratification of the actions of the Supervisory Board for the third financial year after the commencement of the term of office.”

§ 13 (1) of the Articles of Association shall be amended as follows:

“The members of the Supervisory Board receive compensation in the amount of 30,000 Euro for each full fiscal year of their membership of the Supervisory Board. For each full fiscal year of their membership of the Supervisory Board, the Chairman shall receive a compensation of 80,000 Euro. In all cases, the remuneration is paid pro rata temporis for partial fiscal years of membership.”

ITEM 6 Elections to the Supervisory Board

The term of office of all current members of the Supervisory Board ends at the end of the General Meeting on 7 June 2019. Therefore, a new election of the members of the Supervisory Board is necessary.

Pursuant to §§ 96 (1), 101 (1) AktG and § 7 (1) of the Company's Articles of Association, the Supervisory Board is currently composed of six shareholder representatives elected by the General Meeting. Following the implementation of the amendment to the Articles of Association proposed under ITEM 5, the Supervisory Board will consist of five members.

The Supervisory Board proposes that

The following persons shall be elected as members of the Supervisory Board of the Company for the period from the end of the Annual General Meeting on June 7, 2019 until the end of the Annual General Meeting which resolves on the ratification of the acts of the Supervisory Board of the Company for - subject to the entry into force of the amendment to § 7 (2) sentence 1 of the Articles of

Association resolved under agenda item 5 - the 2021 financial year, otherwise the 2019 financial year:

- a) Bill Best, investor and director, Sydney (Australia)
- b) Bernhard Meder, investor and director, Singen, Germany
- c) Stephen Roberts, investor and director, Sydney (Australia)
- d) David A. Steele, investor and director, Perth (Australia)

The Supervisory Board continues to propose,

- e) to appoint Mr. Michael Triguboff, investor and director, Sydney (Australia), as a member of the Supervisory Board of the Company, subject to the entry of his resignation from the Management Board of the Company in the commercial register, until the end of the General Meeting which resolves on the ratification of the acts of the Supervisory Board of the Company for - subject to the entry into force of the amendment to § 7 (2) sentence 1 of the Articles of Association resolved under agenda item 5 - the 2021 financial year, otherwise the 2019 financial year.

ITEM 7 Resolution on the cancellation of Authorized Capital 2018/I and the creation of Authorized Capital 2019/I

Section 3 (4) of the Articles of Association provides for Authorized Capital 2018/I of € 2,550,000.00. The Management Board has made use of this authorization.

With regard to interim increases in the share capital, the Management Board and the Supervisory Board propose that new authorized capital (Authorized Capital 2019/I) be created. The previous Authorized Capital 2018/I is to be cancelled at the same time.

The Management Board and the Supervisory Board therefore propose that a resolution be adopted:

- 7.1 The existing authorized capital (Authorized Capital 2018/I) pursuant to Article 3 (4) of the Articles of Association of the Company shall be cancelled with effect from the date of entry in the Commercial Register of the new Authorized Capital 2019/I determined below, to the extent that the Authorized Capital 2018/I has not already been used.
- 7.2 The Management Board is authorized, with the consent of the Supervisory Board, to increase the Company's share capital until 6 June 2024 once or several times by up to a total of EUR 3,448,729.00 by issuing up to 3,448,729 new registered shares against cash contributions (Authorized Capital 2019/I). The new shares must be offered to the shareholders for subscription; they may also be taken over by banks or a company operating in accordance with section 53(1) sentence 1 or section 53b(1) sentence 1 or (7) of the KWG with the obligation to offer them to the

shareholders for subscription. However, the Management Board is authorized, with the consent of the Supervisory Board, to exclude shareholders' subscription rights in the following cases:

- a) The shares will be issued against cash contributions and at an issue price that is not significantly lower than the market price of the Company's shares at the time the issue price is determined by the Management Board, and the capital increase will only cover new shares whose pro rata amount of the share capital does not exceed 10% of the share capital existing at the time this authorization to exclude subscription rights is registered.
- b) For fractional amounts resulting from the subscription right ratio.
- c) The new shares will be issued as part of a capital increase against contributions in kind if the capital increase is for the purpose of acquiring receivables from the Company, from companies, parts of companies or equity interests in companies or other assets eligible for contributions.

The Management Board, with the consent of the Supervisory Board, decides on the further terms and conditions of the share issue, including the issue price, as well as on the content of the share rights.

7.3 § 3 para. 4 of the Articles of Association shall be amended as follows:

"The Management Board is authorized, with the consent of the Supervisory Board, to increase the Company's share capital until 6 June 2024 once or several times by up to a total of EUR 3,448,729.00 by issuing up to 3,448,729 new registered shares against cash contributions (Authorized Capital 2019/I) . The new shares must be offered to the shareholders for subscription; they may also be taken over by banks or a company operating in accordance with section 53(1) sentence 1 or section 53b(1) sentence 1 or (7) of the KWG with the obligation to offer them to the shareholders for subscription. However, the Management Board is authorized, with the consent of the Supervisory Board, to exclude shareholders' subscription rights in the following cases:

- a) *The shares will be issued against cash contributions and at an issue price that is not significantly lower than the market price of the Company's shares at the time the issue price is determined by the Management Board, and the capital increase will only cover new shares whose pro rata amount of the share capital does not exceed 10% of the share capital existing at the time this authorization to exclude subscription rights is registered.*

- b) *For fractional amounts resulting from the subscription right ratio.*
- c) *The new shares will be issued as part of a capital increase against contributions in kind if the capital increase is for the purpose of acquiring receivables from the Company, from companies, parts of companies or equity interests in companies or other assets eligible for contributions.*

The Management Board, with the consent of the Supervisory Board, decides on the further terms and conditions of the share issue, including the issue price, as well as on the content of the share rights. “

ITEM 8 Approval of the issuance of shares against contribution in kind

On the basis of a Supervisory Board resolution dated 17 December 2018, the former Management Board member Bernhard Meder was promised a payment of EUR 110,000.00 as consideration for his activities as a Management Board member and the premature termination of his contract of employment as a Management Board member. According to the resolution of the Supervisory Board, the payment entitlement is proposed to be satisfied by issuing 20,000 registered no-par value shares on or around 5 July 2019 against contribution of the payment entitlement using part of the contingent capital 2018/I. Under Australian stock exchange listing rules, the issue of shares to a member of the Supervisory Board requires the approval of the Annual General Meeting.

The Management Board and the Supervisory Board therefore propose that a resolution be adopted:

"For the purposes of ASX Listing Rule 10.11 and for all other purposes, the General Meeting approves the issue of 20,000 registered shares to the former Management Board member Bernhard Meder in exchange for the contribution of his payment claim against the Company in the amount of EUR 110,000.00."

Voting exclusions

For the purposes of ASX Listing Rules 10.11, the Company will disregard any votes cast in favour of Item 8 by Bernhard Meder and an associate of him.

However, the Company need not disregard the vote as a result of these restrictions if it is cast:

- (a) As a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) By the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

ITEM 9 Resolution on the creation of a new authorisation to grant subscription rights (stock options) to employees and members of the Company's management and the creation of conditional capital and the corresponding amendment to the Articles of Association

9.1 Authorization to grant subscription rights (stock options)

The Management Board is authorized to issue with the approval of the Supervisory Board up to 400,000 subscription rights for up to 400,000 no-par value registered shares of the Company to members of the Management Board of the Company and members of the management of a company affiliated with the Company until January 31, 2022 in accordance with the following provisions.

As at the date of this invitation, no subscription rights have been issued under the subscription rights plan described below.

A summary of the terms of the subscription rights plan and the key points for issuing the options are as follows:

a) Group of beneficiaries

The options are only issued to members of the Management Board of the Company and members of the management of a company affiliated with the Company. To this extent, all subscription rights are to be granted to the member of the management of a company affiliated with the Company.

b) Granting of options (acquisition periods) and content of option rights

The options are granted in annual tranches, for the first time from the date of entry of the conditional capital increase to be resolved in accordance with 9.3 in the commercial register of the Company.

Each option entitles the holder to subscribe to one no-par value registered share of the Company against payment of the exercise price.

c) Exercise price and performance target

The price to be paid when exercising the respective option ("exercise price") is EUR 8.00 per share.

The respective option can be exercised if the performance target has been reached.

The performance target is achieved if the stock exchange price of the Pyrolyx share exceeds the exercise price at the time of exercise.

d) **Waiting period and exercise periods**

The subscription rights may be exercised for the first time four years after they have been granted.

e) **Non-transferability of options**

With the exception of inheritance, the options are neither transferable nor saleable, pledgeable nor encumberable.

f) **dilution protection**

The exercise price and the number of new shares will be adjusted in accordance with the terms and conditions of the subscription rights exclusively in the event of a capital increase from company funds. Section 9 (1) AktG remains unaffected.

g) **Regulation of further details**

The Management Board is authorized to determine the further details of the issue of shares from the conditional capital and the further conditions of the stock option agreement. Further details include provisions on taxes and costs, the procedure for exercising the options and other procedural rules.

9.2 **Conditional capital**

The share capital is conditionally increased by up to EUR 400,000.00 through the issue of up to 400,000 new no-par value registered shares (Conditional Capital 2019/I). The conditional capital increase serves exclusively to fulfil options granted until 31 January 2022 on the basis of the authorisation granted by the Annual General Meeting on 7 June 2019 in accordance with 8.1 above. The conditional capital increase will only be implemented to the extent that the holders of the issued options exercise their right to subscribe to shares of the Company and the Company does not grant any treasury shares or payment in cash to satisfy the options. The shares are issued from conditional capital at the exercise price determined in accordance with 8.1 as the issue price. The new shares participate in profits from the beginning of the financial year in which they are created through the exercise of options.

9.3 **Amendment of the articles**

§ Article 3 (5) of the Articles of Association shall be amended as follows:

"(5) The share capital is conditionally increased by up to EUR 400,000.00 through the issue of up to 400,000 new no-par value registered shares (Conditional Capital 2019/I). The conditional capital

2019/ serves to grant subscription rights (stock options) to members of the Management Board of the Company and members of the management of affiliated companies, which the Annual General Meeting of the Company of 7 June 2019 authorized the Management Board and the Supervisory Board to issue. The conditional capital increase will only be implemented to the extent that subscription rights are exercised and the Company does not satisfy the subscription rights in cash or with treasury shares. The Management Board is authorised, with the approval of the Supervisory Board, to determine the further details of the implementation of the conditional capital increase. The new shares participate in profits from the beginning of the financial year in which they are created through the exercise of options.“

9.4 Resolution to approve the issue of securities under the subscription rights (stock option) plan.

The Management Board and the Supervisory Board propose that a resolution be adopted:

- (a) *“For the purposes of ASX Listing Rule 7.2, Exception 9, and for all other purposes, approval is given for the issue of subscription rights (stock options) from time to time under the subscription rights plan described in Item 9 Sections 9.1 through 9.3 (**Subscription Rights Plan**).”*
- (b) *“For the purposes of ASX Listing Rule 7.2, Exception 9, and for all other purposes, approval is given for the issue of 375,000 subscription rights (stock options) to the members of management of Pyrolyx USA, Inc under the Subscription Rights Plan proposed to be issued on or before 5 July 2019.”*

Voting exclusions for Item 9.4 Part (a) and (b)

The Company will disregard any votes cast in favour of Item 9.4 by a member of the Supervisory Board (except one who is ineligible to participate in the Subscription Rights Plan) or any of their associates.

However, the Company need not disregard the vote as a result of these restrictions if it is cast:

- (a) As a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

ITEM 10 Resolution on the withdrawal of confidence from the Management Board member Sven Eric Molzahn

The agenda item was already the subject of the Extraordinary General Meeting originally scheduled for December 12, 2018. As this Extraordinary General Meeting had to be postponed for organisational reasons and in particular in view of the fact that the timeliness and effectiveness of the voting by a large number of shareholders was no longer guaranteed due to a supplementary request, this item on the agenda has to be dealt with at the Annual General Meeting.

The Management Board and the Supervisory Board therefore propose that, as a precautionary measure, Sven Eric Molzahn, who had already been dismissed from the Management Board by resolution of the Supervisory Board on 28 August 2018 for good cause, be removed from office with immediate effect.

ITEM 11 Resolution on motions for resolutions as a result of a request for amendment by individual shareholders

By court order of the competent local court in Munich on November 29, 2018, file no. HRB 165908 (case 84), the Company was authorized, upon application of the shareholders, to

Hanns Joachim Koellner,

MIJU GmbH,

Cherief el Mahdy,

Cross Connect GmbH,

brand.new day Agency for Communication GmbH and

Niels Raeder,

(the abovementioned hereinafter collectively referred to as the 'applicants')

which together held a shareholding of 299,450 shares at the time the motion was submitted, corresponding to 5.02% of the share capital, announced the following supplementary resolutions for the Extraordinary General Meeting originally convened on December 12, 2018, which will again be the subject of the Annual General Meeting due to the postponement of the Annual General Meeting on December 12, 2018:

1. Resolution on the withdrawal of confidence in Management Board member Bernhard Meder

The proposers propose that the Annual General Meeting of the Company adopt the following resolution:

"Management Board member Bernhard Meder is deprived of his confidence."

2. Dismissal of the Chairman of the Supervisory Board David F. Groves

The proposers propose that the Annual General Meeting of the Company adopt the following resolution:

"The Supervisory Board member David F. Groves (Chairman of the Supervisory Board) elected by the Annual General Meeting shall be dismissed with effect from the end of this Annual General Meeting."

3. Dismissal of the Deputy Chairman of the Supervisory Board Michael Triguboff

The proposers propose that the Annual General Meeting of the Company adopt the following resolution:

"The Supervisory Board member Michael Triguboff (Deputy Chairman of the Supervisory Board) elected by the Annual General Meeting is dismissed with effect from the end of this Annual General Meeting".

4. Dismissal of Supervisory Board member David A. Steele

The proposers propose that the Annual General Meeting of the Company adopt the following resolution:

"David A. Steele, the member of the Supervisory Board elected by the Annual General Meeting, shall be dismissed with effect from the end of this Annual General Meeting."

5. Resolution on the cancellation of Authorized Capital 2018/I and the creation of Authorized Capital 2018/II

The proposers propose that the Annual General Meeting of the Company adopt the following resolution:

"5.1

The existing authorized capital (Authorized Capital 2018/I) pursuant to Article 3 (4) of the Articles of Association of the Company shall be cancelled with effect from the date of entry in the commercial register of the new Authorized Capital 2018/II determined below, to the extent that the Authorized Capital 2018/I has not already been utilized.

5.2

The Management Board is authorized, with the consent of the Supervisory Board, to increase the Company's share capital by up to € 2,980,000.00 by issuing up to 2,980,000 new registered no-par value shares against cash contributions on one or more occasions until December 11, 2023 (Authorized Capital 2018/II). The new shares must be offered to the shareholders for subscription; they may also be taken over by banks or a company operating in accordance with section 53(1) sentence 1 or section 53b(1) sentence 1 or

(7) of the KWG with the obligation to offer them to the shareholders for subscription.

The Management Board, with the consent of the Supervisory Board, decides on the further terms and conditions of the share issue, including the issue price, as well as on the content of the share rights.

5.3

Article 3 (4) of the Articles of Association shall be amended as follows: The Management Board is authorized, with the consent of the Supervisory Board, to increase the Company's share capital once or several times by up to a total of € 2,980,000.00 by issuing up to 2,980,000 new no-par value registered shares against cash contributions on or before December 11, 2023 (Authorized Capital 2018/II). The new shares must be offered to the shareholders for subscription; they may also be taken over by banks or a company operating in accordance with section 53(1) sentence 1 or section 53b(1) sentence 1 or (7) of the KWG with the obligation to offer them to the shareholders for subscription.

The Management Board, with the approval of the Supervisory Board, shall decide on the further conditions of the share issue, including the issue price, as well as the content of the share rights".

II.

REPORTS AND NOTES

1. Comment of the Management Board on Agenda Item 2

Mr. Niels Raeder was Chief Executive Officer and member of the Management Board until June 16, 2018. Mr. Sven Eric Molzahn was Chief Financial Officer and member of the Management Board until 28 August 2018.

In the course of two court proceedings conducted by Mr. Raeder against Pyrolyx AG, the Company has asserted a claim against Mr. Raeder for damages in excess of €5 million which, in the opinion of the Supervisory Board, have been incurred by the Company as a result of serious breaches of duty. According to the current state of knowledge, these include, among other things, repeated false statements made by Mr. Raeder to the Supervisory Board, the violation of disclosure obligations in connection with the IPO in Australia, arbitrary conclusion of contracts with employees and relatives without the consent of the Supervisory Board required by the rules of procedure, violation of the power of representation and concealment of conflicts of interest. In addition, Mr. Raeder has used or approved the use of substantial funds of the Company in order to publicly discredit and put pressure on the then Deputy Chairman of the Supervisory Board,

Michael Triguboff, with the involvement of external consultants. Investigations into any further breaches of duty and any resulting damages are ongoing. Against this background, the Management Board and Supervisory Board recommend that Mr. Raeder not be granted discharge.

At the last Annual General Meeting, Mr. Raeder was already denied discharge for 2017 with 84.4532% of the votes cast.

Mr. Molzahn has also initiated legal proceedings against the company in which Pyrolyx AG is now asserting claims for damages in excess of €3 million due to serious breaches of duty by Mr. Molzahn. According to the current state of knowledge, Mr. Molzahn has also made several false statements to the Supervisory Board and thereby, in the opinion of the Supervisory Board, caused considerable damage to the Company. In addition, Mr. Molzahn has used or approved the use of substantial funds of the Company in order to publicly discredit and put pressure on the then Deputy Chairman of the Supervisory Board, Michael Triguboff, with the involvement of external consultants. Investigations into any further breaches of duty and any resulting damages are ongoing. For this reason, the confidence of the shareholders in Mr. Molzahn will also be withdrawn. The Management Board and Supervisory Board therefore recommend that no discharge be granted to Mr. Molzahn.

The Company is currently reviewing whether Mr. Dülger has violated his duties as a member of the Company's Management Board and has thereby become liable for damages. The Company has reason to believe that Mr. Dülger acted against the interests of the Company in several cases and, in particular, approved and supported measures against investors and shareholders, which could have caused damage to the Company. The Management Board and Supervisory Board therefore recommend that no discharge be granted to Mr. Dülger.

2. Comment of the Management Board on Agenda Item 3

Until 20 July 2018, the members of the Supervisory Board were:

- Mr. Alexis Gurdjian – Chairman
- Mr. Michael Triguboff – Deputy Chairman
- Amelia Hill – until 3 April 2018
- Michael Carapiet – until 3 April 2018
- Mr Robert Machinist
- Mr Guido Veit

Amelia Hill and Michael Carapiet retired from the Supervisory Board on April 3, 2018.

At the Annual General Meeting on 20 July 2018, Mr Triguboff was granted discharge with 99.8542% of the votes cast. Dr. Amelia Hill, Mr. Michael Carapiet and Guido Veit were also discharged with 99.9535% of the votes cast.

The Management Board and the Supervisory Board propose that the actions of the Supervisory Board members Michael Carapiet, Dr Lars Franken, David Groves, Dr. Amelia Hill, David Steele, Michael Triguboff and Guido Veit in fiscal year 2018 be approved.

The Company is currently reviewing whether Mr. Gurdjian has violated his duties as a member of the Supervisory Board and thereby become liable for damages. The Company has indications that Mr. Gurdjian has agreed with Mr. Raeder and Mr. Molzahn to act against the interests of the Company, including its lenders and shareholders. The Company is currently investigating whether it is entitled to claim damages from Mr. Gurdjian, also due to the approval of the use of company funds for the public discrediting of former Supervisory Board Chairman Michael Triguboff. The Company is also considering whether it is the Company's obligation to report Mr Gurdjian to the appropriate regulatory authorities for failure to supervise management to act in the best interests of the Company. The audit has not yet been completed. The reappointment of Mr Gurdjian to the Supervisory Board was rejected by 87.3796% of the votes cast at the last Annual General Meeting. In addition, the Company is currently investigating whether it is also entitled to payment claims against Mr. Robert Machinist for unauthorised payments received whilst he was Chairman of the Audit & Risk Committee.

Against this background, the Management Board and Supervisory Board recommend that no discharge be granted to Mr. Gurdjian and Mr. Machinist for the 2018 financial year.

At the Annual General Meeting on 20 July 2018, the shareholders resolved not to grant discharge to the then Chairman of the Supervisory Board, Alexis Gurdjian. The rejection of the discharge in respect of Mr Gurdjian amounted to 87.3796% of the valid votes cast.

Since 20 July 2018, the members of the Supervisory Board have been or were members of the Supervisory Board:

- David F. Groves - Chairman of the Supervisory Board – from 20 July 2018 to 16 April 2019
- Michael Triguboff - Deputy Chairman of the Supervisory Board
- Dr. Lars Franken

David Steele Chairman of the Supervisory Board – from 16 April 2019

- Guido Veit

Mr. Michael Triguboff resigned from his position as member of the Supervisory Board on 15 December 2018 and has been a member of the Management Board of Pyrolyx AG since then. On January 28, 2019, Mr. Bill Best and Mr. Stephen Roberts were appointed members of the Supervisory Board by order of the Munich Local Court (Amtsgericht München - Registergericht). Dr. Lars Franken resigned from his office as a member of the Supervisory Board in a letter dated 31 January 2019. Mr. Guido Veit also resigned from his position as a member of the Supervisory Board in a letter dated February 1, 2019. Bernhard Meder resigned from his office as a member of the Management Board and

taken up his position as member of the Supervisory Board as appointed by the General Assembly of the Company on 20 July 2018. His resignation from the Management Board was publicised in the Companies Register on 18 February 2019.

3. Report of the Management Board on Agenda Item 7

Agenda item 7 provides that the Management Board is to be authorized to exclude shareholders' subscription rights in the event of a cash capital increase if the volume requirements and the other requirements for an exclusion of subscription rights pursuant to Section 186 (3) sentence 4 AktG are met. Any deduction from the current stock exchange price is not expected to exceed 3% of the stock exchange price, but in any case no more than 5%. This option to exclude subscription rights is intended to enable the management to take advantage of favourable stock market situations at short notice and to achieve as high an issue price as possible by fixing a price close to the market, thereby strengthening equity as much as possible. Experience has shown that such a capital increase leads to a higher inflow of funds than a comparable capital increase with shareholders' subscription rights due to the faster action option. It is therefore in the interest of the Company and its shareholders. This does lead to a reduction in the relative shareholding and the relative proportion of voting rights of the existing shareholders. However, shareholders who wish to maintain their relative shareholding and their relative proportion of voting rights have the option of acquiring the required number of shares via the stock exchange.

It is further proposed that the Management Board be authorized, with the consent of the Supervisory Board, to exclude fractional amounts from the shareholders' subscription rights. The exclusion of subscription rights for fractional amounts is necessary in order to represent a technically feasible subscription ratio. The shares excluded from the shareholders' subscription right as free fractions will be used in the best possible way for the Company. The possible dilution effect is low due to the limitation to fractional amounts. For these reasons, the Management Board and the Supervisory Board consider the possible exclusion of subscription rights to be objectively justified and appropriate for the shareholders.

The Management Board is further to be authorized, within the framework of the authorized capital, to exclude, with the consent of the Supervisory Board, the shareholders' subscription rights in the event of capital increases against contributions in kind for the purpose of granting shares in the context of the acquisition of receivables from the Company, from companies, parts of companies or equity interests in companies or from other assets eligible for contributions.

In addition to companies, parts of companies and equity interests in companies, receivables from the Company and other contributable assets may also be acquired against the issue of new shares from the authorized capital. It should therefore be possible to grant shares instead of money, especially in cases in which claims exist against the Company, but also in cases in which a cash payment was initially agreed for the acquisition of assets, and thus to conserve liquidity. The Management Board intends to make use of this authorization and to acquire receivables from the Company against the issue of new shares from the authorized capital. In the case of an acquisition project, it may also make economic sense to acquire other assets in addition to the actual

acquisition object, such as those which serve the acquisition object economically. In such cases, the Company should be in a position to acquire these assets and to grant shares as consideration for them - either to protect liquidity or because the seller demands it - to the extent that the assets concerned are contributable. Finally, assets - whether to protect liquidity or because the seller demands it - can also be acquired independently of an acquisition project against the granting of new shares, again to the extent that these are contributable.

In global competition, the Company must also be in a position at all times to act quickly and flexibly in the national and international markets in the interests of its shareholders. This also includes the option to acquire companies, parts of companies, participations in companies or other contributable assets to improve the competitive position by granting shares in a liquidity-conserving manner. For example, negotiations may make it necessary to offer shares rather than money as consideration. Practice also shows that the owners of attractive acquisition targets frequently require the procurement of shares in the acquiring company as consideration for a sale, for example for tax reasons or in order to (co-)participate in the previous business. In order to acquire such acquisition objects, Pyrolyx AG must be able to grant new shares as consideration. The surrender of shares can also make sense from the point of view of an optimal financing structure. This is because new shares from authorized capital can be used to implement an acquisition project in a manner that preserves liquidity.

The Company shall not suffer any disadvantage as a result thereof. This is because the issue of shares against contributions in kind requires that the value of the contribution in kind is in reasonable proportion to the value of the shares. When determining the valuation ratio, the Management Board will ensure that the interests of the Company and its shareholders are adequately protected and that an appropriate issue price is achieved for the new shares.

4. Comment of the Management Board on Agenda Item 10

For an explanation of the proposed resolution on agenda item 10, please refer to the explanations on the proposed resolutions on agenda item 2. In the opinion of the Supervisory Board and the Management Board, the resolution on the withdrawal of confidence is necessary as a precautionary measure, since Mr. Molzahn contests the effectiveness of his dismissal for good cause in court proceedings he has brought against the Company. On the basis of the withdrawal of confidence, the dismissal of Mr. Molzahn can be carried out without the existence of an important reason in the legal sense being important. Although the Management Board and Supervisory Board are convinced that there are sufficient important reasons for the dismissal of Mr. Molzahn, this measure is intended to create greater legal certainty.

5. Comment of the Management Board on Agenda Item 11

It should be noted that four of the five resolutions amended at the request of shareholders are no longer relevant today, since

- In December 2018, Mr. Meder resigned his temporarily held office as a member of the Management Board of the Company as scheduled and by mutual consent, subject to the condition precedent of entry in the commercial register, since
- Mr Triguboff resigned his office as a member of the Supervisory Board in December 2018 and was appointed as a member of the Management Board of the Company, and since
- the members of the Supervisory Board must in any case be newly appointed at the Annual General Meeting in accordance with the Articles of Association, so that the motions concerning the other Australian Supervisory Board members Groves and Steele also no longer have any independent significance.

Since the initiators of the supplement to the agenda have not yet withdrawn the supplement, the Annual General Meeting will have to deal with these agenda items. In order to avoid the legal uncertainty that may arise from abstention, management recommends voting against each Agenda Item 11 resolution.

Mr. Raeder has submitted these resolution proposals in order to emphasize alleged payment claims against the Company and also in order to negotiate the extensive counterclaims described above. Mr. Raeder informed the Supervisory Board that he would withdraw these resolution proposals if the Company entered into negotiations on the claims. Mr Raeder continues to threaten with negative advertising campaigns and various unspecified lawsuits to strengthen his negotiating position. Both under German law and in view of the immorality of this procedure, the Management Board and Supervisory Board are not prepared to succumb to Mr. Raeder's threats.

6. Report of the Management Board on the utilization of Authorized Capital 2018/I

In accordance with § 3 (4) of the Articles of Association of Pyrolyx AG, the Management Board was authorized by resolution of the Annual General Meeting on July 20, 2018, entered in the Commercial Register on 3 August 2018, to increase the share capital once or several times by up to a total of EUR 2,800,000.00 until June 19, 2023, with the approval of the Supervisory Board, by issuing up to 2,800,000 new registered shares against cash contributions and/or contributions in kind (Authorized Capital 2018/I). One component of Authorized Capital 2018/I is an authorization for the Management Board to exclude shareholders' subscription rights if the shares are issued as part of a capital increase against contributions in kind, provided that the capital increase is carried out for the purpose of acquiring receivables from the Company, from companies, parts of companies or equity interests in companies or other assets eligible for contributions.

Using the above authorization in part, the Management Board made use of this authorization on 6 September 2018 with the consent of the Supervisory Board on 7 September 2018 and resolved to increase the Company's share capital from Authorized Capital 2018/I by EUR 250,000.00 against contributions in kind, excluding shareholders' subscription rights. The capital increase was subscribed in the amount of EUR

250,000.00. The execution of the capital increase was entered in the commercial register on 29 October 2018.

The new shares were issued at a subscription price of EUR 6.00 per share, excluding shareholders' subscription rights. They are fully entitled to profits from the beginning of the 2018 fiscal year.

The subscription price was 10.3 % above the arithmetical average of the weighted closing prices of the Company's shares in Xetra trading during the last 20 trading days prior to the resolution of the Management Board to issue the new shares. The average price was EUR 5.44.

In addition, the Management Board has agreed to issue a further 222,222 new registered shares at a price of €9.00 per share which does significantly exceed the market price. The equivalent price for Pyrolyx AG CDIs, which are listed on the ASX, is approximately AU\$0.95 per CDI (being 3,333,333CDIs), to be issued against cash contributions using the 2018/I authorised capital. By excluding shareholders' subscription rights, the Company has made use of the possibility of excluding subscription rights in the case of cash capital increases. Such an exclusion of subscription rights was necessary in the present case in order to be able to react quickly and flexibly to the Company's liquidity requirements. By fixing the price more than 10% above the current average stock exchange price, the interests of the shareholders were adequately safeguarded. The issue of new shares above the current market price ensured that the capital increase did not lead to any economic dilution of shareholders.

From the above considerations, the exclusion of the subscription right carried out in compliance with the requirements of Authorised Capital 2018/I when it was utilised was objectively justified overall.

III.

FURTHER INFORMATION ON THE CONVENING OF THE MEETING

Total number of shares and voting rights at the time the Annual General Meeting is convened

At the time the Annual General Meeting is convened, the Company's share capital is divided into 5,960,869 no-par value registered shares, each of which grants one vote. The total number of voting rights thus amounts to 5,960,869 voting rights. The Company does not hold any treasury shares at the time the Annual General Meeting is convened.

Availability on the Company's website

This invitation is also available on the company's website at

are at your disposal.

Participation in and exercise of voting rights at the Annual General Meeting

Only those shareholders who are entered in the share register and who have registered in good time are entitled to attend the Annual General Meeting and exercise their voting rights. The registration must be received by the Company no later than 31 May 2019 24.00 hours (CEST) at the following address:

Pyrolyx AG
c/o
Link Market Services GmbH
Landshuter Allee 10
80637 Munich, Germany

or by e-mail: namensaktien@linkmarketservices.de

or by fax: +49 (0)89 21027-288

In relation to the Company, however, only those shareholders are deemed to be shareholders who are entered as such in the share register. For the exercise of participation and voting rights, the entry status of the share register on the day of the Annual General Meeting is decisive. For technical processing reasons, no changes will be made to the share register during the period from 1 June 2019, 0.00 hours (CEST) up to and including 7 June 2019, 24.00 hours (CEST). Therefore, the registration status of the share register relevant for the exercise of participation and voting rights at the Annual General Meeting will correspond to the registration status at the registration deadline on 31 May 2019, 24.00 hours (CEST). The technical record date is therefore the expiry of 31 May 2019. Registration for the Annual General Meeting does not block the shares; shareholders can therefore freely dispose of their shares at any time, even after registration has been completed. Purchasers of shares whose applications for registration are submitted after 31 May 2019, 24.00 hours (CSET) may not exercise participation and voting rights from these shares, unless they are authorised to do so or are authorised to exercise their rights. In such cases, the participation and voting rights shall remain with the shareholder entered in the share register until the transfer.

Once the registration has been received in due time, an admission ticket to the Annual General Meeting will be issued and sent to the shareholders. The admission ticket serves to simplify the procedure at the entrance control for access to the Annual General Meeting. The Company will send the invitation to the Annual General Meeting including the agenda as well as the registration documents to all shareholders unsolicited who are entered in the Company's share register at the latest at the beginning of the 14th day prior to the day of the Annual General Meeting, i.e. on 24 May 2019, 0.00 a.m. (CSET).

credit institutions, these pursuant to § 135 (10) AktG in conjunction with § Institutions or companies, shareholders' associations and other persons listed in Section 135 (8) of the German Stock Corporation Act that have the same status as institutions or companies listed in Section 125 (5) of the German Stock Corporation Act (AktG) may only exercise voting rights for shares that do not belong to them but are entered in the share register as their holders on the basis of an authorisation of the shareholder.

Procedure for voting by proxy

Shareholders who do not attend the Annual General Meeting in person may have their voting rights exercised by a proxy, including an association of shareholders or a bank, or by the proxies nominated by the Company, by granting appropriate powers of attorney.

Proxy forms that can be used to grant proxy will be sent to the shareholders entered in the share register by post together with the invitation to the Annual General Meeting and the registration form. Shareholders will also find a corresponding form on the admission ticket. It can also be requested by post, e-mail or fax at the above registration address.

The granting of the power of attorney, its revocation and proof of the power of attorney to the Company must be in text form. credit institutions, these pursuant to § 135 (10) AktG in conjunction with § Institutions or companies, shareholders' associations and other persons listed in Section 135 (8) of the German Stock Corporation Act that are treated as equivalent in accordance with Section 125 (5) of the German Stock Corporation Act (AktG) may provide for deviating provisions in the procedure for their own authorization. Therefore, if you are a credit institution, a credit institution pursuant to Section 135 (10) AktG in conjunction with Section 135 (10) AktG, please vote in favour. § 125 (5) AktG, a shareholder association or any other person listed in § 135 (8) AktG, with this institution or person about a possible form of proxy in good time.

If proof of authorization is to be provided to the Company prior to the Annual General Meeting, this can be done by the end of 6 June 2019 by sending it to the following address:

Pyrolyx AG
c/o
Link Market Services GmbH
Landshuter Allee 10
80637 Munich, Germany

or by e-mail: namensaktien@linkmarketservices.de

or by fax: +49 (0)89 21027-288

The Company offers shareholders the opportunity to be represented by proxies nominated by the Company when exercising their voting rights at the Annual General Meeting. The proxies nominated by the Company must be issued instructions for exercising voting rights in addition to a power of attorney. An authorized proxy of the Company shall exercise the voting right exclusively on the basis of the instructions given by the shareholder; he shall not

exercise voting rights at his own discretion. The granting of power of attorney to the proxies is only possible - insofar as it is not carried out by shareholders present or represented at the Annual General Meeting - if the power of attorney is received by the proxies of the Company at the following address of the office authorized to receive the proxies of the Company by the end of 6 June 2019 at the latest:

Pyrolyx AG
c/o
Link Market Services GmbH
Landshuter Allee 10
80637 Munich, Germany

or by e-mail: namensaktien@linkmarketservices.de

or by fax: +49 (0)89 21027-288

A form for granting power of attorney and instructions to the proxies nominated by the Company will be sent by post to the shareholders entered in the share register together with the invitation to the Annual General Meeting. It can also be requested by post, fax or e-mail at the above registration address.

Shareholder motions and election proposals

Motions by shareholders pursuant to Sections 126 and 127 of the German Stock Corporation Act are to be addressed exclusively to the following address:

Pyrolyx AG
Landshuter Allee 8-10
80637 München

oder per Telefax an: +49 (0)89 21027-288

oder per E-Mail an: info@pyrolyx.com

Procedure for voting by Chess Depository Interest (CDI) holders

Important: If you are a CDI holder, you have the following options available in order to vote at the General Meeting:

- a) Instructing CHESS Depository Nominees Pty Ltd. (CDN), as the legal owner, to vote the shares underlying your CDIs in a particular manner. This can be done by completing the voting instruction form as sent to you and returned to Link Market Services Limited in the manner set out on the voting instruction form and in this Invitation to a General Meeting.

CDI Voting Instruction Forms

Completed CDI voting instruction forms must be provided to Link Market Services Limited no later than Friday, 31 May 2019 at noon CEST time, (Friday, 31 May 2019 at 8.00 pm Sydney time), in accordance with the instructions on that form.

Any CDI voting instruction forms received after that time will be invalid.

CDI Voting Instruction Forms (Australian Register)

Pyrolyx AG
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

or by fax: +61 2 9287 0309

or by hand: Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000

- b) Informing the Company that you wish to nominate yourself or another person to be appointed as CDN's proxy with respect to the shares underlying your CDIs for the purposes of attending and voting at the General Meeting by completing Step 2 in the enclosed CDI voting instruction form.
- c) Converting your CDIs into shares and voting these at the General Meeting (however, if thereafter the former CDI holder wishes to sell their investment on Australian Stock Exchange (ASX) it would be necessary to convert the shares back to CDIs). In order to vote in person, the conversion must be completed prior to the record date for the meeting. Please contact Link Market Services Limited for further information if you wish to undertake a conversion.

As 15 CDIs represent an interest in one share, a CDI holder will be entitled to one vote for every 15 CDIs that they hold.

Munich, April 2019

The Management Board of Pyrolyx AG

