

**Report of the Management Board**

of

**Semperit Aktiengesellschaft Holding  
Commercial Register No. ("FN") 112544 g**

pursuant to Section 65 para 1b in conjunction with Section 170 para 2 and Section 153 para 4 of the Austrian Stock Corporations Act  
(Purchase and sale of own shares by the Company)  
Item 8. of the agenda of the 131<sup>st</sup> Annual General Meeting

At the 131<sup>st</sup> Annual General Meeting of Semperit Aktiengesellschaft Holding, FN 112544 g, Modecenterstraße 22, 1031 Vienna (the "Company"), to be held on 22 July 2020, the Management Board of the Company shall be authorized for a period of 30 months from the date of the resolution pursuant to Section 65 para 1 rec. 8 and para 1a and 1b of the Austrian Stock Corporations Act to acquire own shares of the Company with the consent of the Supervisory Board. The own shares acquired by the Company shall not exceed 10% of the Company's share capital. The consideration to be paid for the repurchase must be within a range of  $\pm 25\%$  of the weighted average closing price of the share on the last 20 trading days prior to the start of the corresponding repurchase program.

In addition, the Management Board shall be further authorized to redeem repurchased own shares without further resolution of the General Meeting with the approval by the Supervisory Board (including authorization of the Supervisory Board of the Company to adopt changes to the articles of incorporation resulting from the redemption of the shares) or sell these shares again and to determine the conditions of sale. These authorizations shall be exercised in whole or in several partial amounts and in pursuit of one or more purposes by the Company, by a subsidiary company (Section 189a rec 7 Austrian Commercial Code) or by third parties for the account of the Company.

Furthermore, for a period of five years from the date on which the resolution is passed, the Management Board of the Company shall be authorized, with the consent of the Supervisory Board, to decide on a legally permissible method of selling own shares other than via the stock exchange or a public offer, including excluding shareholders' rights of repurchase (subscription rights) and to determine the conditions of sale.

Since the possible exclusion of shareholders' rights to repurchase shares (subscription rights) in connection with the sale of shares acquired pursuant to Section 65 Austrian Stock Corporations Act is materially comparable with the exclusion of subscription rights, the Management Board in accordance with the statutory provisions pursuant to Section 65 para 1b in conjunction with Section 170 para 2 in conjunction with Section 153 para 4 Austrian Stock Corporations Act, makes the following

**REPORT:**

The authorization of the Management Board to acquire own shares in accordance with Section 65 para 1 rec. 8 of the Austrian Stock Corporations Act without a specific purpose enables the Company to react quickly and flexibly to changing situations.

**1 Authorization to sell off-exchange and to exclude shareholder's rights to repurchase (subscription rights)**

Pursuant to Section 65 para 1b in conjunction with Section 47a of the Austrian Stock Corporations Act, all shareholders of the Company must be treated equally when acquiring and selling own shares. In any case, a purchase or sale via the stock exchange or by means of a public offer is sufficient to meet the obligation to treat shareholders equally. In addition, in the 131<sup>st</sup> Annual General Meeting on 22 July 2020 the Management Board is to be authorised to resell treasury shares in another manner than on the stock exchange or through a public tender, so that – if the statutory requirements and the conditions as set out in this report are fulfilled – the right of shareholders to acquire these treasury shares could be excluded. The possible exclusion of shareholders' pre-emption rights (subscription rights) when selling treasury shares is in the interest of the Company for the following reasons:

- 1.1 Opportunities repeatedly arise for the Company to make acquisitions that are compatible with its strategic planning. In addition, strategic investments in such companies provide the Company's segments with opportunities for potential collaborations.
- 1.2 In many cases, the owners of attractive investment and acquisition targets as well as potential collaboration partners are only willing to conclude a corresponding agreement with the Company if they receive shares in the Company as consideration, either fully or in part.
- 1.3 Besides the necessity of providing own shares as consideration based on the desire of the contractual partner, the use of own shares as a "transaction currency" is also advantageous for the Company for the following reasons:
  - 1.3.1 If the Company has acquired treasury shares at a favorable price and the share price has risen in the meantime, this means a more affordable purchase price can frequently be achieved – in the event of an acquisition for example – than would otherwise be the case in the event of a "pure" cash transaction. This is because when determining the consideration to be paid for the business acquisition, the treasury shares to be paid as (partial) consideration are generally recognized at the current (average) share price or possibly higher intrinsic value, and not with the lower historical cost.
  - 1.3.2 The use of treasury shares is also advantageous for the Company, and therefore for shareholders as well, because the liquidity need for acquisitions can be reduced.
  - 1.3.3 Moreover, in order to optimally exploit the opportunities that arise in the market for the Company, it is often necessary that the Management Board reacts in a rapid and flexible manner. The possibility of using own shares as a transaction currency prevents the risk that interesting acquisitions or partnerships cannot be concluded because new shares must first be issued – for example as part of a relatively time-consuming cash- or non-cash capital increase.
- 1.4 In order to maximize the value of the treasury shares – especially through the optimal use of the aforementioned benefits to the Company – it is necessary to enable such sales to take place in any manner permitted by law – i.e. off-exchange as well as with the exclusion of pre-emption rights (subscription rights) of shareholders – and in this respect to authorize the Management Board, subject to the consent of the Supervisory Board, to determine the terms and conditions of sale.

- 1.5 The proposed authorization for the Management Board, enabling it to adopt a different method of sale, also with the exclusion of pre-emption rights (subscription rights) of shareholders, will enable the Management Board to utilize opportunities that arise at the time of sale in a rapid, flexible and cost-effective manner. The possibility of reselling treasury shares while excluding the pre-emption rights (subscription rights) of shareholders is especially important for the Company because when opportunities arise in a quickly changing environment and in new markets, the Company must be able to exploit them in a rapid and flexible manner and cover the resulting needs on short notice. By eliminating the time-consuming and cost-intensive handling of pre-emption rights (subscription rights) of shareholders, the market opportunities that arise can be optimally utilized in the interest of the Company and its shareholders to achieve corporate policy objectives. The exclusion of subscription rights and the sale of treasury shares by means other than via the stock exchange or through a public tender is ultimately reasonable because the Company regularly has a special interest in acquiring applicable companies or making investments in applicable companies. The interests of existing shareholders are safeguarded because when acquiring a company, a proportionate amount of shares – usually determined based on the performance of a company valuation – is utilized. The value of the acquired company or of the investment in this company is compared to the value of Semperit Aktiengesellschaft Holding; based on this ratio the investor making a non-cash contribution receives treasury shares from the Company. Existing shareholders also participate in the future profits of the acquired company. Semperit Aktiengesellschaft Holding also avoids a corresponding outflow of liquid assets by using treasury shares as consideration for the acquired company. As a result, this cash remains with the current shareholders.
- 1.6 Even when excluding pre-emption rights (subscription rights) the reasons listed above demonstrate that the interests of the Company overall outweigh the interests of shareholders. An exclusion of the general subscription possibility therefore appears justified. Moreover, the authorization for the Management Board regarding the proposed usage, i.e. the sale of treasury shares, is consistent with the statutory requirement that treasury shares are not left with the Company but rather returned to the market.
- 1.7 The sale of treasury shares while excluding the possibility that existing shareholders may acquire these shares also does not result in the “typical” dilution of the ownership interest of shareholders. Initially, the ownership interest of existing shareholders, i.e. the voting rights of the shares of the existing shareholders, actually “increases” because the Company acquires its own shares and the rights associated with these acquired shares are suspended as long as they are held by the Company as treasury shares. A reduction in the individual shareholder’s ownership interest occurs only if the Company resells the treasury shares with an exclusion of the subscription right of shareholders. In the case of such a sale with an exclusion of shareholder subscription rights, the shareholder then once again has the status that he had before the Company acquired the treasury shares. In this context it should be noted that due to the quantitative restrictions on the acquisition of own shares, an acquirer purchasing the treasury shares generally cannot obtain a “controlling” interest in the Company.

The interests of the Company and the shareholders are in particular safeguarded by the fact that when acquiring own shares and then reselling them at a later date – regardless of whether this resale takes place on-exchange or via a public tender or in some other manner – and when determining the terms and conditions of resale, the Management Board must obtain the prior consent of the Supervisory Board. In this context it should be mentioned that the granting of an authorization to the Management Board to resell treasury shares with the approval of the Supervisory Board, potentially by means other

than via the stock exchange or by public tender, is a customary and generally accepted business practice among many listed Austrian (and German) companies for the purpose of using treasury shares as consideration in a business combination, i.e. as consideration for the acquisition of companies, businesses, business units or investments in one or more companies both domestically and abroad, as well as for the realisation of any similar strategic objective. This is also reflected in Section 5 (2) (7) of the Austrian Disclosure Regulation 2018 (VeröfentlV 2018), according to which a disclosure must be made at the appropriate time containing information on the nature and purpose of the repurchase and/or the sale of treasury shares, in particular, whether the repurchase and/or the sale is to take place on- or off-exchange.

- 1.8 The Management Board will utilize the authorization to resell treasury shares in a manner other than via the stock exchange or through a public tender with the exclusion of the pre-emption rights (subscription rights) of shareholders and to determine the terms and conditions for the resale only if the previously described requirements as well as all other applicable statutory provisions have been fulfilled. In addition, the Management Board shall determine the consideration of the resold treasury shares with the consent of the Supervisory Board, taking into account the interests of the Company and shareholders. Likewise, when acquiring and/or reselling treasury shares (with or without the possibility for shareholders to purchase said shares), the Management Board shall comply with all relevant disclosure and notification duties as defined in exchange and securities regulations.

## **2 Authorization to redeem treasury shares**

- 2.1. The Management Board shall be authorized to redeem acquired own shares without further resolution of the General Meeting with the approval by the Supervisory Board. In addition, the Supervisory Board shall be authorized to resolve on amendments to the articles of incorporation resulting from such redemption. For the Company and its shareholders, the redemption of own shares can have, in particular, accounting advantages, because reserves must also be set up for own shares. If own shares lawfully repurchased are no longer required and if there is no better way to use them than to redeem them, the Management Board's prior authorization to redeem own shares and the prior authorization of the Supervisory Board to resolve on corresponding amendments to the articles of incorporation in the event of actual redemption shall be appropriate means to avoid the time-consuming and cost-intensive holding of a further General Meeting which would have to resolve upon these measures.
- 2.2. The Management Board will only use the authorization to redeem repurchased own shares if the requirements described above and all legal requirements are met. The Management Board will also comply with the disclosure and announcement requirements under stock corporation and stock exchange law that must be complied with when redeeming own shares. The same shall apply to the resolution of corresponding amendments to the Company's articles of incorporation.

## **3 Summary**

If the 131<sup>st</sup> Annual General Meeting of the Company resolves to adopt the resolutions to authorise the Management Board as described at the outset, first, to purchase own shares in accordance with Section 65 (1) (8) of the Stock Corporations Act and to resell and redeem them, and second, in accordance with Section 65 (1b) of the Stock Corporations Act in the

event of the sale of the treasury shares to utilize a manner other than via the stock market or by public tender, the Management Board will be given an effective tool to respond rapidly to advantageous market opportunities that may arise. The interests of existing shareholders are not exposed to any special risks because of this. Shareholders' interests are safeguarded because, first, the Management Board is obliged to obtain the consent of the Supervisory Board both before the acquisition of own shares as well as before the redemption or resale of treasury shares. This means the Management Board must therefore agree in advance the purchase and sales arrangements with the Supervisory Board. In addition, due to the approach taken to acquire own shares and the subsequent resale of these shares with the exclusion of the pre-emption rights (subscription rights) of existing shareholders, no dilution of their shareholdings in the Company will take place. Due to the quantitative restriction on the purpose-free acquisition of own shares in accordance with Section 65 (1) (8) of the Stock Corporations Act to 10% of the share capital of the Company, there are no grounds for concern that a new shareholder may obtain a "controlling" interest in the Company through the acquisition of the treasury shares. In addition, the principles contained in Section 65 of the Stock Corporations Act and the aforementioned VeröffentlV 2018 regarding the extensive disclosure requirements in connection with the acquisition and sale of own shares – also in regard to any additional disclosure requirements that apply to listed companies such as Semperit Aktiengesellschaft Holding – provide for full transparency with respect to the acquisition and sale of treasury shares. It can therefore be said, in summary, that the adoption of the resolutions to authorize the Management Board as described at the outset will enable the Management Board to react quickly to any advantageous opportunities for the Company without creating any significant disadvantages for current individual shareholders.

Vienna, June 2020

Management Board