

**Report of the Management Board of AMAG Austria Metall AG  
in accordance with Section 65 para. 1b in conjunction with Section  
170 para. 2 and Section 153 para. 4 of the Austrian Stock  
Corporation Act  
(acquisition and disposal of treasury stock)**

With regard to item 11 of the agenda of the 9<sup>th</sup> Ordinary Annual General Meeting of AMAG Austria Metall AG (“AMAG”) headquartered in Ranshofen, in the municipality of Braunau am Inn, and with the business address of Lamprechtshausener Straße 61, 5282 Braunau am Inn, Ranshofen, the Management Board and Supervisory Board of AMAG propose that the General Meeting adopts the following resolution:

- a) Resolution concerning the renewed authorisation of the Management Board to acquire, with the approval of the Supervisory Board, up to a maximum of 30 months from the date of the resolution, treasury shares pursuant to Section 65 (1) 8 AktG in a volume of up to 10 % of the share capital, where applicable in order to retire treasury shares, as well as concerning the determination of the repurchase conditions, thereby revoking the authorisation granted by the resolution of the AGM of April 17, 2018, relating to the authorisation to acquire treasury shares granted in relation to agenda item 8.
- b) Resolution concerning the authorisation of the Management Board pursuant to Section 65 (1b) AktG to approve, with the consent of the Supervisory Board, a type of sale other than via the stock exchange or a public offer and on a possible exclusion of the shareholders’ repurchase right (subscription right), thereby revoking the authorisation granted by the resolution of the AGM of April 17, 2018, relating to the authorisation to acquire treasury shares granted in relation to agenda item 8.

The Management Board and the Supervisory Board propose that the General Meeting adopts the following resolutions on item 11a of the agenda:

- a) For a period of 30 months from the day on which the resolution is passed, the Management Board shall be authorized in accordance with Section 65 para. 1 rec. 8 and para. 1a and 1b AktG - with the simultaneous revocation of the relevant resolutions adopted by the Annual General Meeting on 17 April 2018 -, with the consent by the Supervisory Board, to acquire own shares of the Company, whereby the lowest consideration to be paid at the time of repurchase is 25% below the weighted average closing price of the last 20 trading days prior to the start of the respective repurchase program and the highest consideration to be paid at the time of repurchase is 25% above the weighted average closing price of the last 20 trading days prior to the start of the corresponding repurchase program, and to determine the terms and conditions of the repurchase, whereby the Management Board shall publish the Management Board's resolution and the

respective repurchase program based on it, including its duration, in accordance with the statutory provisions (each). The Management Board may exercise this authorization once or several times within the limits of the legal requirements regarding the maximum number of own shares permitted, up to a total limit of 10% of the nominal capital. The authorization may be exercised in whole or in part or in several partial amounts and in pursuit of one or more purposes by the Company, by a subsidiary company (Section 189a rec. 7 of the Austrian Commercial Code) or by third parties for the account of the Company. The acquisition can be carried out on or off-exchange in compliance with the legal requirements. Trading in own shares is excluded as the purpose of acquisition.

- b) The Management Board is authorized, with the consent by the Supervisory Board, to redeem or resell the acquired own shares without a further resolution of the General Meeting and to determine the terms and conditions of sale. The authorization may 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 of the Austrian Commercial Code) or by third parties for the account of the Company.
- c) The Supervisory Board is authorized to adopt any amendments to the Articles of Incorporation resulting from the redemption of shares.

The Management Board and the Supervisory Board propose that the General Meeting adopts the following resolutions on item 11b of the agenda:

- a) For a period of five years from the date of the resolution, the Management Board is authorized - with the simultaneous revocation of the relevant resolutions adopted by the Annual General Meeting on 17 April 2018 -, with the consent by the Supervisory Board, to determine, in accordance with Section 65 para 1b AktG for the sale of own shares a legally permissible method of disposal other than via the stock exchange or a public offer and to resolve on any exclusion of the shareholders' right to repurchase (subscription right) and to determine the conditions of sale.

With regard to the authorization of the Management Board to resolve the treasury stock of the company may be sold in legally permitted ways other than through the stock exchange or by a public offer, also to the exclusion of the shareholders' repurchase right associated with the disposal, and to determine the selling conditions, all without any further resolution on the part of the shareholders' meeting, and the fact that the situation concerning this resolution is therefore comparable to an exclusion of existing shareholders' subscription rights, the Management Board pursuant to Section 65 para. 1b in connection with Section 170 para. 2 in connection with Section 153 para. 4 of the Austrian Stock Corporation Act has to submit to the Annual General Meeting in a written report thereon.

The possible exclusion of the shareholders' general option to purchase shares in the course of the resale of treasury stock and the possible redemption of the shares without any further resolution on the part of the shareholders' meeting are necessary appropriate

and objectively justified in the interests of the company in particular for the following reasons:

To the exclusion of (reversed) subscription rights:

1. In line with its strategic alignment, the company constantly has opportunities to acquire new participations as part of its expansion and acquisition policy. The acquisition of existing companies is often advantageous (compared to the foundation of the company's own subsidiary or branch) because it enables rapid market entry, the acquisition of existing customer stock and the takeover of employees familiar with the local market.
2. The owners of attractive acquisition targets, as part of the compensation for transferring their equity interests to the company proposing to acquire their holdings, increasingly tend to claim in equity interests (shares) in that company. Moreover, granting treasury stock often permits achieving a more favourable purchase price than if payment is "purely" in cash. It is essential that the Management Board be able to respond flexibly, and quickly, in such a setting, especially if the acquisition target is offered to several interested bidders in a bidding process, in order to take the best possible advantage of all offers on the market and perform acquisitions that are of interest to the company. For instance, it may be necessary for the company to quickly and flexibly issue company shares to owners of attractive acquisition targets and thus be able to utilize treasury stock as "transaction currency" for such acquisitions.
3. The use of treasury stock as a "transaction currency" can also reduce the company's liquidity requirements for acquisitions which is in turn beneficial for the company and its shareholders.
4. The disposal of treasury stock can also speed up the execution of transactions because existing shares can be used and new shares do not have to be created as part of a relatively expensive non-cash or cash capital increase. The granting of repurchase rights requires a time-intensive and expensive procedure which means the company may miss out on market opportunities that arise.
5. The authorisation to dispose of treasury stock in a different way to the stock exchange or through a public offering under exclusion of subscription rights for existing shareholders will enable the Management Board, for example, to offer treasury stock to the owners of suitable acquisition targets willing to sell as a direct payment. This scenario is above all of practical significance in acquisitions where the seller is to be given a smaller participation in the company for strategic or other corporate policy reasons. It should be noted that due to the restriction on the acquisition of treasury stock – namely a total of 10 % of the company's share capital – a party selling a company cannot acquire a significant participation in the company through this procedure.
6. In order to enable a flexible acquisition, it is necessary inter alia to execute the disposal of treasury stock quickly and without implementation of a relatively

expensive disposal programme and with the exclusion of subscription rights for company shareholders and to make treasury stock available in certain situations exclusively to the owners of acquisition targets willing to sell or strategic partners. The right of shareholders to acquire treasury stock should therefore be excluded in such cases.

7. The Management Board shall therefore be permitted to use the authorisation to dispose of treasury stock, including for the implementation of its corporate, growth and acquisition policy, where the exclusion of the general repurchase rights of shareholders is necessary in such cases in order to achieve the corporate policy objective.
8. With regard to the intended authorisation of disposal for the Management Board with exclusion of general subscription rights, the company's interests outweigh those of shareholders overall for the reasons set out above and it therefore seems objectively justified. The intended authorisation of appropriation or disposal for the Management Board are also in line with the statutory principle of the company not holding treasury stock but instead putting it back on the market.
9. In this regard, it should be noted that the acquisition of treasury stock does not result in the typical dilution of shareholders, as is the case with non-cash capital increases with exclusion of subscription rights:

Firstly, the proportion of shareholders not offering their shares to the company and the voting power from these shares only increases as a result as the company buys back treasury stock and the rights from these shares remain in abeyance as long as they are held by the company as treasury stock.

A reduction in the holding of a shareholder comparable with a dilution effect only occurs if the company resells the acquired treasury stock under exclusion of subscription rights for shareholders. However, it should be noted that this dilution effect goes hand in hand with the prior increase of the shareholder's participation. In the event of such a disposal, shareholders continue to have the status that they held prior to the acquisition of treasury stock by the company.

Due to the restriction to a total of 10 % of the company's share capital when acquiring treasury stock, the possibility of a third party acquiring a "controlling" holding in the company is excluded.

10. It should also be noted that the share repurchase must be carried out in accordance with Section 65 para. 1b. Provided the repurchase takes place via the stock exchange or through a public offering, all shareholders not only obtain an "exit right" but also additional liquidity when exercising this right. Price-stabilising effects that a share repurchase can have also represent valid reasons for a possible share repurchase in the interests of the company and shareholders.
11. The Management Board shall only use the authorisation to dispose of treasury stock in a different way to via the stock exchange or through a public offering under exclusion of shareholder subscription rights and to determine the

conditions of disposal provided all legal requirements are met. The counter-value for the treasury stock disposed of shall be determined by the Management Board taking full account of the interests of the company and its shareholders. The Management Board shall also comply with the publication and disclosure obligations under stock corporation and stock exchange law which must be adhered to during acquisition and/or disposal (with or without exclusion of shareholder subscription rights).

12. The Management Board shall publish a report in accordance with the legal provisions on the nature of the disposal of treasury stock after adoption of the resolution.

#### Redemption of shares:

1. The Management Board shall be authorized to redeem acquired treasury stock without any further General Meeting resolution. This is permitted in accordance with Section 65 para. 1 Z 8 of the Austrian Stock Corporation Act because the law on the subsequent fate of lawfully acquired treasury stock does not contain any mandatory provisions. The redemption of treasury stock can have balance-sheet benefits for the company and its shareholders because reserves also have to be established for treasury stock.
2. If the treasury stock lawfully acquired previously is no longer required and if there is no better means of its appropriation than redemption, the Management Board shall be authorized to use suitable means to redeem treasury stock to avoid the time and cost-intensive holding of another General Meeting to adopt a resolution on this measure.
3. Furthermore, a redemption would result in a reduction in the shares issued and therefore also a higher unit value of the remaining shares.
4. The Management Board shall only use the authorisation to redeem equity stock lawfully acquired previously provided the legal requirements are met. The Management Board shall also comply with the publication and disclosure obligations under stock corporation and stock exchange law which must be adhered to when redeeming treasury stock.
5. The Management Board shall publish a report in accordance with the legal provisions after adopting a resolution on the redemption of treasury stock.

#### Summary

In summary, the Management Board has determined, after consideration of all the circumstances set out, that the granting of authorisation to the company's Management Board to acquire treasury stock via the stock exchange, through public offering or in another lawful and expedient way, or, in accordance with Section 65 para. 1 Z 8 and para. 1a and para. 1b of the Austrian Stock Corporation Act, to dispose of treasury stock

with the approval of the Supervisory Board, if necessary, in a different way to via the stock exchange or through public offering, including under exclusion of general subscription rights, within the limits described is necessary, appropriate and objectively justified in the interests of the company.

**Ranshofen, June 22, 2020**



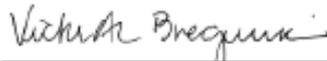
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**Mag. Gerald Mayer**  
**Chief Executive Officer**



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**Priv.-Doz. DI Dr. Helmut Kaufmann**  
**Chief Operating Officer**



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**Victor Breguncci, MBA**  
**Chief Sales Officer**