



Report by the Executive Board to the Annual General Meeting on item 8.1 of the Agenda in accordance with Section 203 (2) sentence 2 and Section 186 (3) and (4) sentence 2 of the German Stock Corporation Act (AktG)

Regarding item 8.1 of the Agenda, a recommendation will be presented to the shareholders of the Annual General Meeting on February 11, 2021 to repeal the existing authorization for the Executive Board to carry out capital increases (authorized capital) in accordance with the Articles of Association, which was issued until February 23, 2021, and to create a new authorized capital for the duration of five years from the day the new authorization to issue new shares from the authorized capital is entered.

This places the management in a position to issue shares for the purpose of sourcing additional funds, acquiring companies and stakes in companies, or for other reasons in the interests of the company without concerning the shareholders of the Annual General meeting. To enable the management to utilize this option in the company's interests optimally and flexibly, the resolution should arrange for an authorization to exclude subscription rights for different purposes listed in the proposed resolution:

The authorization to exclude subscription rights in accordance with letter a) of the authorization (exclusion of fractional amounts) serves the purpose of enabling a smooth and manageable multiplier in the case of capital increases, which makes implementing the capital measures easier. The fractional amounts are realized optimally in each case, but at the subscription price at the very least.

The authorization to exclude subscription rights arranged for in letter b) of the proposed recommendation regarding Agenda item 8.1 shall enable the company to acquire, in particular, companies or stakes in companies in exchange for shares. This is an increasingly common form of acquisition. Practical experience shows that, in many cases, the holders of attractive acquisition targets request that shares in the acquiring company be provided in return for the sale of their interests or a company in particular. To be able to acquire such acquisition targets, the company must have the possibility to increase its subscribed capital, in some circumstances at short notice against a contribution in kind, excluding the shareholders' subscription rights. Furthermore, the company is enabled to acquire companies, stakes in companies, and other assets such as receivables from the company without having to utilize its own liquidity unduly. In the process, the company could need a very significant volume of recent shares, for example in individual cases such as larger acquisitions (especially companies that are already exchange-listed themselves) or overall, which justifies the extent of the subscription right exclusion enabled with the authorization and proposed for resolution. However, the proposed authorization to exclude subscription rights in the case of increases of capital in kind is, at the proposed amount of €23,017,840.64, considerably below the legal limit of 50 % of the subscribed capital (equivalent to €57,544,604.16) in terms of volume. In each individual case, the Executive Board will carefully review whether it shall make use of the authorization to carry out a capital increase under the exclusion of subscription rights in the case of acquisition possibilities that are becoming more concrete. It will then only exclude subscription rights if the acquisition in exchange for the issue of company shares is required in the interests of the company. With respect for shareholders' concern

regarding a dilution of their shareholdings, the recommendation regarding the exclusion of subscription rights in the case of capital increases in exchange for contributions in kind is limited to a maximum of 20 % of the subscribed capital, both at the time the authorization becomes effective and at the time it is exercised. To ensure further protection of the shareholders from a dilution of their shareholdings, other exclusions of subscription rights are taken into account in the aforementioned 20 % limit.

The exclusion of subscription rights in the case of cash capital increases under letter c) of the authorization shall place the management in a position to take advantage of favorable stock market situations at short notice. Because of the organizational measures that have to be taken and the subscription period that has to be granted, issues that are subject to subscription rights take much more time than placements for which subscription rights are excluded. Moreover, with such placements, the usual deductions that occur in the case of issues that are subject to subscription rights can be avoided. The company's own capital can therefore be strengthened to a greater extent if subscription rights are excluded than the case would be with an issue subject to subscription rights. Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) declares that the exclusion of subscription rights under the conditions of section c) of the proposed resolution on Agenda item 8.1 is permissible due to exactly these considerations. Nevertheless, the extent of a cash capital increase under exclusion of subscription rights may not exceed ten percent of the subscribed capital entered in the Commercial Register at the time this is first utilized. Because of this limitation, a dilution (in value) of the old shares and a loss of shareholder influence is unlikely. To provide additional protection for the shareholders against loss of influence and dilution of value, this authorization for an exclusion of subscription rights is limited by the fact that other capital measures that have the effects of a cash increase without subscription rights are included in the maximum amount up to which a cash increase can be carried out with exclusion of subscription rights. For example, the authorization arranges for any sale of shares that the company has purchased and sold to third parties due to the authorization of the Annual General Meeting pursuant to Section 71 (1) no. 8 of the German Stock Corporation Act (AktG) without offering shareholders the option of subscribing these shares to reduce the maximum amount in the same way as a future issue of convertible bonds and/or bonds with warrants if the shareholders are not granted subscription rights to them.

The inclusion mentioned above shall nevertheless be eliminated again if, after an issue of convertible bonds and/or bonds with warrants in corresponding application of Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) that led to an inclusion in the maximum amount, the Annual General Meeting passes a resolution for a new authorization to issue convertible bonds and/or bonds with warrants with the option of simplified exclusion of subscription rights in corresponding application of Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) or the Annual General Meeting issues an authorization to purchase and utilize own shares with the option of simplified exclusion of subscription rights in corresponding application of Section 186 (3) sentence 4 German Stock Corporation Act (AktG) once again. In these cases, the participants of the Annual General Meeting have once again made a decision about the authorization to a simplified exclusion of subscription rights, so the reason for the inclusion in the maximum amount is eliminated again. If own shares or convertible bonds and/or bonds with warrants can be issued under simplified exclusion of subscription rights again, the authorization for simplified exclusion of subscription rights for the (residual) term of the authorization should, in other words, be in place again for the issue of new shares from the authorized capital. Specifically, with the entry into force of the new authorization of simplified exclusion of subscription rights, the suspension regarding the issue of new shares from the authorized capital arising from the issue of own shares pursuant to Section 71 (1) no. 8 and Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) or arising from the issue of convertible bonds and/or bonds with warrants with

the option of excluding subscription rights corresponding to Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) is eliminated. Since the majority requirements for this type of resolution are identical to those for a resolution regarding the authorization to issue new shares from the authorized capital under simplified exclusion of subscription rights corresponding to Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG), the resolution of the Annual General Meeting about the creation of a new authorization to exclude subscription rights pursuant to Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) in the scope of selling own shares or of a new authorization to issue convertible bonds and/or bonds with warrants with the option of excluding subscription rights corresponding to Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) is also a confirmation regarding the resolution for the authorization to issue new shares from the authorized capital pursuant to Section 203 (2) and Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG).

The inclusion is carried out again if there is a new exercise of an authorization to exclude subscription rights in direct or commensurate application of Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG). Ultimately, this arrangement leads to the result that (i) the Executive Board can only utilize the simplified exclusion of subscription rights pursuant to or corresponding to Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) one time in total without the adoption of a new resolution at the Annual General Meeting during the (residual) term of the authorization and, (ii) if a new resolution is adopted at the Annual General Meeting, the Executive Board is free to decide during the (residual) term of the authorization whether they make use of the simplifications of Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) within the legal limits in connection with cash capital increases from authorized capital.

The exclusion of subscription rights in accordance with letter d) of the authorization to be passed (exclusion of subscription rights for the benefit of holders or creditors with option or conversion rights) shall enable holders or creditors of these types of rights to be granted an appropriate protection against dilution in the case of capital increases. The holders or creditors with option or conversion rights can be protected from the dilution of their option or conversion rights through a reduction in the respective option or conversion price, an additional cash payment, or the granting of a subscription right to new shares. The management will decide in good time prior to utilizing the authorized capital which of the options is appropriate in the case at hand. In order to not be limited to the alternatives of reducing the option or conversion price or issuing a cash payment from the start, an arrangement is usually made for an authorization to exclude the shareholders' subscription right to new shares to the extent necessary to grant holders or creditors with option or conversion rights a subscription right to the extent to which they would be entitled if they had made use of their subscription rights prior to the adoption of the respective resolution on the capital increase. In terms of the amount, this authorization is also limited to a maximum of 20 % of the subscribed capital, both at the time the authorization becomes effective and at the time it is exercised. To ensure further protection of the shareholders from a dilution of their shareholdings, other exclusions of subscription rights are taken into account in the aforementioned 20 % limit in this case as well.

Due to the suggested limitation, to a total of 20 % of the company's share capital, on the total volume of capital increases excluding subscription rights in the case of increases in cash contributions and/or contributions in kind, both at the time the existing authorization goes into effect and – if this value is lower – at the time the existing authorization is exercised while offsetting other capital measures excluding subscription rights at the same time, and the accompanying quantitative limitation that extends beyond the existing legal limitations, any negative impact on shareholder interests is kept within narrow limits. However, any offsetting that has been carried out shall be eliminated again

if the authorization to exclude subscription rights that led to the inclusion in the previously mentioned 20 % limit is reissued by the participants of the Annual General Meeting.

Due to the remarks mentioned above, the authorization to exclude subscription rights is required in the circumscribed limits in all four cases and is imperative in the interests of the company.

The Supervisory Board will only issue its required consent for the utilization of the authorized capital under the exclusion of the subscription right if the conditions described, as well as all of the legal conditions, are fulfilled. The Executive Board will report any exclusion of subscription rights to the participants of the Annual General Meeting.

Hamburg, December 2020

Aurubis AG