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Report by the Managing Board of Wienerberger AG on the exclusion of acquisition rights (subscription rights) of existing shareholders pursuant to Section 65 (1b) in conjunction with Section 171 (1) in conjunction with Section 153 (4) of the Austrian Stock Corporation Act [*AktG*] in the context of a potential sale of treasury shares

1. Basis of authorization - other sale of treasury shares and authorization to exclude acquisition rights (exclusion of subscription rights)

By resolution adopted by the Annual General Meeting of Wienerberger AG, company number FN 77676f (the "**Company**") on 5 May 2020, pursuant to Section 65 (1b) of the Austrian Stock Corporation Act, the Company's Managing Board, for a period of five years from adoption of the resolution and subject to approval by the Supervisory Board, was authorized to sell treasury shares other than through the stock exchange or by way of public offer and to exclude the pro-rated acquisition rights of shareholders (exclusion of subscription rights).

In preparation of the resolution adopted by the Annual General Meeting on 5 May 2020, pursuant to Section 65 (1b) in conjunction with Section 153 (4), sentence 2, of the Austrian Stock Corporation Act, the Managing Board - as early as in April 2020 - presented a written report setting out the potential reasons for a partial or complete exclusion of the acquisition rights of shareholders (exclusion of subscription rights).

2. Exclusion of subscription rights

The Company's Managing Board has now decided to start evaluating and preparing a potential sale of treasury shares other than through the stock exchange, excluding the acquisition rights of shareholders in whole or in part. If a sale is actually implemented, it is intended to offer treasury shares in the context of private placements to institutional investors by way of an accelerated book-building process, with the subscription rights of shareholders being excluded.

Whether or not and in what way shares will be placed as well as the date and specific conditions of such placement will depend on the capital markets environment, the buying interest of investors and the approval given by the Company's Supervisory Board.

In order to establish the conditions for a potential sale and placement of treasury shares with institutional investors while excluding the subscription rights of shareholders, the Managing Board - as authorized by the Annual General Meeting on 5 May 2020 - decided to exclude subscription rights in respect of a potential sale of up to 2,500,000 treasury shares, subject to approval by the Supervisory Board, and pursuant to Section 65 (1b) in conjunction with Section 171 (1) in conjunction with Section 153 (4) of the Austrian Stock Corporation Act, presents this report setting out the reasons for excluding acquisition rights (subscription rights). In addition, reference is made to the April 2020 report issued by the Company's Managing Board in preparation of the Annual General Meeting on 5 May 2020.

3. Corporate interest

If a sale of treasury shares is implemented, it is intended to offer such treasury shares to (institutional) investors in the context of a private placement by way of an accelerated book-building process. The accelerated book-building process also serves as a basis for determining the issue price (selling price) of the shares to be sold.

An accelerated book-building process to place shares is a customary and acknowledged process on the international capital market. It is a tested process facilitating swift and timewise flexible share placements within a short offer period. It enables the Company to take into account market conditions and market opportunities, if any, and to flexibly use potential time windows for placing packages of treasury shares.

An accelerated placement of treasury shares in the context of an accelerated book-building process significantly reduces any placement and market risks for the Company. Due to a two-week subscription period, a placement of shares where shareholders are granted subscription rights involves the considerable disadvantage of institutional (investors) not being addressed at all or only with a lower issuing volume as a result of the allocation mechanism and/or the market risks arising for such investors within the subscription period.

An accelerated book-building process allows for a more precise and quicker evaluation of prices expected by the market during a short offer period. In addition, international practice has shown that an accelerated book-building process can generally achieve better conditions than would otherwise be the case because the immediate placement eliminates market risk factors which institutional investors would otherwise take into account in the form of a price discount at the Company's expense.

A direct placement of treasury shares avoids the risk of negative price changes during the offer period (in particular in volatile markets) with adverse effects on the success and/or costs of the capital measure and the risk of speculation on the Company's share (e.g. short selling) during the offer period. Reducing placement and market risks is particularly important in a volatile stock exchange environment because a market environment involving uncertain macroeconomic factors may entail price risks for the Company.

An accelerated book-building process involving an exclusion of subscription rights also enables the Company to include in the share placement (institutional) investors who commit to subscribe for a certain number of shares (anchor investors). This gives the Company advantages as regards the realizable selling price per share. In addition, the Company is able to extend and stabilize its shareholder structure by placing shares in the context of an accelerated book-building process, i.e. institutional investors (in particular long-term financial investors and strategic investors) will become a fixed part of the Company's shareholder structure, even if against cash payment.

A public offer of treasury shares would require a significantly longer lead time to prepare and approve a securities prospectus and an extended offer period. The share placement by way of an accelerated book-building process where acquisition rights are excluded is implemented by applying an exception from the obligation to publish a prospectus and avoids the above disadvantages. Placing shares without issuing a prospectus significantly reduces the Company's liability risks and costs as compared to a public offer requiring a prospectus.

It is intended to use the net proceeds from the possible sale of treasury shares for potential growth opportunities in the area of water and energy management within Wienerberger Piping Solutions as well as for general business purposes, among other things.

4. Exclusion is proper, necessary and proportionate

Excluding subscription rights for the purpose of selling treasury shares and placing shares by way of an accelerated book-building process is a proper means to achieve the mentioned objectives which are in the Company's interest. The exclusion of subscription rights is therefore necessary and proportionate.

The sale of treasury shares to bolster the capital structure, the placement of shares as well as the objectives pursued by and the advantages associated with the accelerated book-building process cannot be achieved to the same extent by selling treasury shares and granting shareholders subscription rights or by selling treasury shares through the stock exchange.

This concerns in particular increased transaction security, the placement advantages in terms of prices regularly achievable by the accelerated book-building process, an extension and stabilization of the shareholder structure, and the advantages from including anchor investors in the placement.

A sale of treasury shares where subscription rights are granted requires a significantly longer lead time, in particular for the purpose of preparing and approving a securities prospectus. This means that market opportunities cannot be used as quickly and flexibly as in a sale of treasury shares where subscription rights are excluded. A longer lead time can have adverse effects on the implementation of the capital measure especially in a volatile market environment involving uncertain macroeconomic factors. It is not foreseeable how the market environment and the capital market environment will develop and it is particularly difficult to estimate whether and when any adverse market developments may arise (see item 3 of this report).

Likewise, any cost advantages cannot be achieved in a sale of treasury shares where subscription rights are granted. And a sale of treasury shares through the stock exchange cannot be implemented within a reasonable period time in respect of the envisaged purposes, in particular because of the usual trading volumes of the Company's shares on the Vienna Stock Exchange and resulting volume restrictions on share disposal programs as well as expected negative price effects due to pressure on the stock exchange to sell shares during a disposal program.

The issue price (selling price) of the shares is established by means of an accelerated book-building process and properly determined based on market conditions, taking into account the price level of the shares. Basing the issue price (selling price) on the market price of the shares properly safeguards the interests of shareholders and avoids a dilution of their shareholdings as much as possible (see item 5 of this report).

The number of treasury shares that may be sold is limited to 2,500,000 treasury shares (approx. 2.2 % of the share capital) so that any dilution of shareholders will be kept within reasonable limits. Shareholders may purchase shares through the stock exchange within the scope of usual trading volumes. This means that even if the Company sells treasury shares and excludes the acquisition rights of shareholders, the latter should generally be able to compensate any dilution of their shareholdings to the greatest possible extent by buying shares through the stock exchange.

If the selling price for the treasury shares is appropriate (see item 5 of this report), a sale of treasury shares generally does not involve the same risk of dilution of shareholders as in a capital increase, for example. Although there also occurs a change in a shareholder's shareholding percentage in the context of a sale of treasury shares, such sale only restores the shareholding percentage which a shareholder had before a repurchase of treasury shares by the Company and which temporarily changed due to the Company's rights arising from treasury shares being restricted (Section 65 (5) Stock Corporation Act).

For the reasons set out above, the purposes and measures pursued by the exclusion of subscription rights which are in the Company's interest and indirectly also in the interest of all shareholders are overriding, which is why it is not disproportionate to exclude the subscription rights of shareholders. In addition, the potential sale of treasury shares and the exclusion of subscription rights are subject to approval, and thus supervision, by the Company's Supervisory Board.

5. Determination of the issue price (selling price)

If a sale of treasury shares is implemented, the issue price (selling price) will be determined on the basis of a customary accelerated book-building process, subject to market conditions and the (average) share price level on the Vienna Stock Exchange. An accelerated book-building process to place shares and determine prices is a customary and tested process on the international capital market. The issue price (selling price) is determined according to market conditions and the determination of the issue price (selling price) is subjected to a "market test", which means that shareholders do not experience any disadvantage by a dilution of shareholdings, at least no disproportionate disadvantage.

Shares to be sold carry the same rights (including, but not limited to, profit entitlements) as the Company's existing shares (ISIN AT0000831706). The rights attached to the shares are thus taken into account in the valuation of the share on the capital market (in particular the market price) and included in the issue price (selling price).

6. Summary

In consideration of the above, the contemplated exclusion of subscription rights is proper, necessary, proportionate as well as objectively justified and required in the Company's overriding interest. This report issued by the Managing Board will be published on the Company's website registered in the commercial register as well as by Europe-wide electronic distribution. Such publication will be announced in the Official Gazette [*Amtsblatt*] attached to the Wiener Zeitung newspaper. An exclusion of subscription rights in the context of a sale of treasury shares and the sale of treasury shares must be approved by the Company's Supervisory Board. In accordance with Section 65 (1b) in conjunction with Section 171 (1) of the Austrian Stock Corporation Act, the Supervisory Board will adopt a resolution not earlier than two weeks after publication of this report.

Vienna, 23 July 2021

The Managing Board of Wienerberger AG

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