



## Supplement to the Announcement for the General Meeting of RÁBA Automotive Holding Plc.

RÁBA Automotive Holding Plc. hereby informs its shareholders that in accordance with 3:259 § of Act V of 2013 (Ptk – Civil Code) and with the provisions of section 16.5 of the Articles of Associations of RÁBA Plc., **shareholders holding more than 1 per cent of the votes in the Company** have submitted three shareholder's motions **proposing to the Board of Directors to supplement the agenda of the general meeting of shareholders of the Company to be held 10 September 2020, as well as proposed draft resolutions**, as follow:

**Shareholder's Motion No. 1** submitted by the shareholder **T-Invest 91' Kft**, holding more than 1 per cent of the votes in the Company:

Proposal for Agenda Item 1: *"Authorisation of the Board of Directors to acquire treasury shares"*

Draft resolution: "The General Meeting authorises the Board of Directors to acquire treasury shares, within stock exchange transactions from the Company's retained earnings in consideration of the provisions of 3:222 and 3:223 § of Act V of 2013 on the Civil Code, such shares being registered dematerialised common shares with a nominal value of HUF 1,000 each, for the purpose of share price maintenance and/or in order to provide the number of shares necessary to implement the Company's strategic objectives. Treasury shares can be acquired within 18 months of the date when the resolution is adopted. The minimum purchase price payable for the treasury shares is the average stock-exchange price weighted with the turnover of the five trading days preceding the date of the acquisition –10%, whereas the maximum purchase price payable for the shares is the average stock-exchange price weighted with the turnover of the five trading days preceding the date of the acquisition +10%."

Explanation: Resolution No. 6/2015.04.16. expired, its extension is required.

The shares of the Company are undervalued therefore the purchase of treasury shares creates substantial value for the shareholders. The authorisation at the same time is a means for the Board of Directors of the Company to maintain share prices. Maintaining share prices and increasing liquidity exert a positive effect on how the Company is perceived in general.

Proposal for Agenda Item 2: *"The Company's dividend policy"*

Proposed draft resolution: "The General Meeting requests the Board of Directors of the Company to make a proposal (by the time the upcoming sales target is set) in consideration of the current dividend policy, for the distribution among the shareholders, as dividend of the proceeds from the sale of the real estate complex Városrét to be sold."

Explanation: According to the current dividend policy, "In the event of substantial proceeds resulting from the real assets that can be sold, case-by-case decisions are needed." In view of the sale transactions in progress, we recommend that these assets be distributed in part or in total among the shareholders in the form of dividend."

**Shareholder's Motion No. 2** submitted by the shareholder Dr. Gábor György Wisnovszky, representing shareholders together more than 1 per cent of votes of the Company:

"1. To the *Agenda item No. 5: Approval of the Resolution 12/2020.04.30 adopted in competence of General Meeting: Rescission of the Rules of Remuneration, approval of new Rules, policy of Remuneration*"

New proposed resolution: Approval of the submitted "Approval of Resolution 12/2020.04.30 adopted in competence of General Meeting: Rescission of the Rules of Remuneration, approval of new Rules, policy of Remuneration", with the following amendments, affecting section 14. §.:



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14. § Bonus cannot be paid in the following cases:

- a) if the after-tax profit of the Company does not exceed the expected minimum growth compared to the shareholders' equity as shown in the consolidated balance sheet of the Company as per IFRS, adopted in the previous year, as defined by the 50-50% weighted average yield of the 1 and 3-year maturity government bonds issued by the Hungarian state in HUF for the first time,
- b) the Company has exceeded the average wage increase and wage bill increase as defined in the business plan,
- c) the employment relation of the manager is terminated by the employer with immediate effect or if the manager terminates his employment in breach of the law,
- d) at the end of the business year the Company has overdue liabilities in terms public debts, or is in default in terms of the payment of any liabilities due for the central budget,
- e) the decision-making competence as set forth in the statutes has been breached,
- f) the independent auditor's report of the Company for the current year contains a qualified or adverse certificate or the refusal of a certificate due to reasons under the competence or decision-making authority of the management of the Company,
- g) the adjusted Shareholders' Equity, as real company value, calculated based on the real value model of the IAS 40 International Accounting Standard, based on the Shareholders' Equity shown in the consolidated balance sheet of the Company drawn up in the Company's report for the current year in accordance with IFRS is lower than the highest value of the past three years adjusted for by the amount of the dividend paid to shareholders in the meantime.

The top manager of the Company shall represent and warrant that the circumstances described in sections 14. § a)-g) exist/do not exist, which shall, following the opinion of the Board of Directors and of the Supervisory Board be sent, as the mandatory annex to the company's application for evaluation of performance criteria to the entity entitled to evaluate.

Explanation: Since the contemplated new "Rules, policy of Remuneration" precludes the payment of a bonus in the event of a negative after-tax profit but does not take into account "the time value of money", therefore we propose that the bonus of executives be linked to the average budget of the Hungarian state for the given year, as a minimum target to be met.

2. Proposed new Agenda item: "*Authorisation of the Board of Directors to acquire treasury shares*"

Proposed resolution: "The General Meeting authorises the Board of Directors to acquire treasury shares, within stock exchange transactions from the Company's retained earnings in consideration of the provisions of 3:222 and 3:223 § of Act V of 2013 on the Civil Code, such shares being registered dematerialised common shares with a nominal value of HUF 1,000 each, for the purpose of share price maintenance and/or in order to provide the number of shares necessary to implement the Company's strategic objectives. Treasury shares can be acquired within 18 months of the date when the resolution is adopted. The minimum purchase price payable for the treasury shares is the average stock-exchange price weighted with the turnover of the five trading days preceding the date of the acquisition -10%, whereas the maximum purchase price payable for the shares is the average stock-exchange price weighted with the turnover of the five trading days preceding the date of the acquisition +10%."

Explanation: Resolution No. 6/2015.04.16 expired, its extension is required.

The shares of the Company are undervalued therefore the purchase of treasury shares creates substantial value for the shareholders. The authorisation at the same time is a means for the Board of Directors of the Company to maintain share prices. Maintaining share prices and increasing liquidity exert a positive effect on how the Company is perceived in general.

3. Proposed new Agenda item: "*Use of proceeds from the sale of real estate for investment purposes*"

Proposed resolution: "The General Meeting approves that the proceeds from the sale of "real estate for investment purposes" are used by the Company to purchase treasury shares within stock exchange transactions, from the day following the date when the individual partial amounts are received – with an order of minimum HUF 10 million per trading day - until the value per share



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(excluding the treasury shares previously owned by the Company) calculated from the sum of the shareholders' equity as per the balance sheet consolidated in accordance with IFRS and shown in the last approved Annual Report and the proceeds from the sale of real estate (minus tax and the adjusted cost as per book value) is higher than the average share price weighted with the turnover over the preceding 10 stock exchange trading days, or until the amount of the proceeds from the sale has been spent. The minimum purchase price payable for the treasury shares is the average stock-exchange price weighted with the turnover of the five trading days preceding the date of the acquisition –10%, whereas the maximum purchase price payable for the shares is the average stock-exchange price weighted with the turnover of the five trading days preceding the date of the acquisition +10%."

Explanation: Over the past years, the management of Rába Plc. has failed to provide an explanation in terms of the maximization of long-term shareholders value, for why the Company does not acquire treasury shares when the shares of the Company are being traded at the Budapest Stock Exchange for extended periods at a fraction of the shareholders' equity. (The level of underpricing at the stock exchange is even more dramatic if the estimated market value of real estate held at cost value due to the accounting policy of Rába Plc. is considered.) Through the programme of acquisition of treasury shares, the increase in company value could be considerable, since even according to conservative estimates, just by purchasing a single treasury share, the Company could effectively gain a "value" of about HUF 2500, which would result, upon current share prices, extraordinary and immediate value increase for the shareholders, including the Hungarian State, the majority shareholder. The lack of treasury share purchase results in considerable disadvantage year upon year for the shareholders committed in the long run. In view of the fact that the yield of government securities (including e.g. MÁP+) are higher than the income the Company can generate through any business activity, we consider that the best use of the proceeds from the sale of "Real estate for investment purposes" is the purchase of treasury shares, up to the amount of the shareholders' equity per share, as per the consolidated IFRS balance sheet and the proceeds from the sale of real estate (minus tax and the adjusted cost as per book value) (adjusted shareholders' equity), beyond which the best use is dividend payment."

**Shareholder's Motion No. 3.** submitted by the shareholder **T-Invest 91' Kft**, holding more than 1 per cent of the votes in the Company:

"Proposed Agenda Item: *"Authorisation of the Board of Directors to draft a real estate strategy"*

Proposed resolution: "The General Meeting invites the Board of Directors to develop for the municipality and submit to the General Meeting a sales offer for part or the whole of the territory of the Városerét real property, at an equitable, symbolic amount."

Explanation: upon foundation of the joint stock company, the town provided the plot to the Company for the establishment of the factory in exchange for a symbolic amount. The shares are undervalued, share prices do not reflect the opportunities of the Company, characterised by stable operation. Returning the gesture made by the town upon foundation is sustainable from an equity point of view and furthers the goodwill of the Company, laying the foundation for the development of the wider surroundings."

Based on the shareholder's motions to supplement the agenda, the Board of Directors of RÁBA Plc. herewith **supplements its announcement** for the invitation to the Company's **General Meeting to be held on September 10, 2020**, published on July 30, 2020 (Announcement) **with the following agenda items:**

- 7. Authorisation of the Board of Directors to acquire treasury shares**
- 8. The Company's dividend policy**
- 9. Use of proceeds from the sale of real estate for investment purposes**
- 10. Authorisation of the Board of Directors to draft a real estate strategy**



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The sequential number of the original agenda item 7 of the Announcement is changed to number 11.

Győr, August 14, 2020

Board of Directors of RÁBA Plc.