



Report by the Executive Board and Supervisory Board of ANDRITZ AG (FN 50935 f) pursuant to Section 95 (6) in conjunction with Section 159 (2) line 3 of AktG (Austrian Stock Corporation Act) concerning the planned implementation of the 2024 stock option program

Graz, March 1, 2024. Approximately 200 senior managers and global top talents of the ANDRITZ GROUP as well as members of the Executive Board shall have the opportunity to benefit from the stock option program. The number of shares allocated per eligible individual will be up to 20,000, depending on the area of responsibility, and for each Executive Board member 37,500. These options are to be allocated from the pool of shares accumulated under the corporate buy-back program. The maximum number of stock options that can be issued is 1,500,000. 187,500 of these options are assigned to the five members of the Executive Board and the remainder to the eligible individuals. The ANDRITZ 2024 stock option program takes account of financial and also non-financial goals and features the following criteria:

1 GOALS AND PRINCIPLES OF THE PROGRAM

- 1.1. The goal of the program is to link the amounts of variable salary parts directly to the development of the operating result and the share price of the company. This goal is also in line with the recommendation suggested in the Austrian Corporate Governance Code (ACGC) that “if a stock option scheme is proposed, the parameters of comparison to be applied shall be defined in advance and may include, for example, the performance of stock indices, share price targets or suitable benchmarks” (rule 28). The goal is also to increasingly align ANDRITZ’s management orientation with the objectives of the corporate shareholders and to ensure participation in the success achieved.
- 1.2. In addition to an increase in the share price of 10% and 15%, respectively, **financial and non-financial targets** were also considered as exercise criteria. The financial goal is the achievement of a certain operating profitability, expressed as the EBITA margin*. The non-financial goal was defined as achieving a certain accident frequency target (number of accidents with one or more days of absence per one million working hours – **Accident Frequency Rate: AFR 1**).

* EBITA divided by sales, expressed as a percentage. The EBITA (earnings before interest, taxes and amortization) is the Group’s full operating result before deduction of interest, taxes and amortization of goodwill and intangible assets.



1.3. In compliance with the EU remuneration recommendation and the ACGC, stock options shall not be exercisable for at least three years after they have been granted. In addition, participants in the stock option program must also hold investments in ANDRITZ shares from their own resources for the full duration of the program.

1.4. Employee stock option programs of this kind are common and widespread among listed companies. To offer individuals the opportunity to acquire own shares is an essential means of strengthening employee loyalty and helps to make the company more attractive as an employer. By giving the employees a share in the company's success as shareholders and co-owners, the stock option program creates an additional incentive for ANDRITZ senior management & top global talent to contribute their services towards the success of the ANDRITZ GROUP.

2 NUMBER AND DISTRIBUTION OF THE STOCK OPTIONS TO BE GRANTED; VALIDITY OF THE PROGRAM

2.1. Approximately 200 senior managers and global top talents of the ANDRITZ GROUP as well as members of the Executive Board shall have the opportunity to benefit from the stock option program. The number of shares allocated per eligible individual will be up to 20,000, depending on the area of responsibility, and for each Executive Board member 37,500. These options are to be allocated from the pool of shares accumulated under the corporate buy-back program. The maximum number of stock options that can be issued is 1,500,000. 187,500 of these options are assigned to the five members of the Executive Board and the remainder to the eligible individuals.

2.2. Exercise of the stock option program shall commence on May 1, 2027 and terminate on April 30, 2031.

3 EXERCISE CRITERIA

3.1. Exercise of the options depends on the achievement of the following three criteria:

a) **Share price performance:** share price increase of 10% and 15%, respectively

b) **EBITA margin:** corridor of an EBITA margin between 8.0% and 9.5% (calculated on the basis of the **EBITA of the ANDRITZ GROUP before extraordinary expenses**) in the years 2024, or 2025 or 2026:

- EBITA margin < 8.0%: No options may be exercised.
- EBITA margin 8.0% up to 9.5%: Aliquot options can be exercised depending on the EBITA margin.
- EBITA margin at 9.5% or more: 100% can be exercised.



c) **Accident Frequency Rate (AFR 1):** Number of accidents with one or more days of absence per one million working hours in the years 2024, or 2025 or 2026.

- AFR >2.0: No options may be exercised.
- AFR 1.5 up to 2.0: Aliquot options can be exercised depending on the AFR
- AFR at 1.5 or less: 100% can be exercised.

3.2. If the defined AFR 1 rate is achieved or even lower in one of these three years, the conditions for exercising the options are met according to criterion c).

3.3. Distribution of options:

- **30%** of the options granted per person relate to the share price performance (criterion a).
- **60%** of the options granted per person relate to the EBITA margin (criterion b).
- **10%** of the options granted per person relate to the Accident Frequency Rate (criterion c).

3.4. **Example for illustration: see item 6.4.**

4 TERMS AND CONDITIONS OF EXERCISE

4.1. One stock option provides eligibility for subscribing to one share.

4.2. In order to exercise a stock option, eligible persons must be in active, continuous employment of the company or one of its affiliates as from June 1, 2024 until the date of exercise (and the exercise conditions under 3 must be fulfilled); this requirement may, in individual cases, be waived for important reasons. Another requirement is that the top global talents must have invested at least EUR 5,000, senior management at least EUR 20,000, and the members of the Executive Board at least EUR 40,000 in ANDRITZ shares from their own resources, which investment must have been paid up not later than the time of allocation of the options, i.e. June 20, 2024. Participants in the stock option program for 2024 must maintain this investment continuously until any exercise of the options and must furnish proof thereof upon exercise.

4.3. Eligible persons who have previously invested money in the company from their own resources under former stock option programs may use this investment for the new stock option program. Shares that were endowed to foundations of which eligible persons are founders and beneficiaries can also be considered as own resources. Any persons who have not participated in a stock option program so far must provide proof of their investment from their own resources by June 20, 2024 at the latest.



4.4. The exercise price of the stock options (in the following referred to as “the exercise price”) is the unweighted average of the closing price of the ANDRITZ share during the four calendar weeks following the 117th Annual General Meeting of Shareholders on 21st March 2024.

4.5. The total number of shares that can be purchased must not exceed the number of options issued.

4.6. **Criterion a)**

30% of the options granted to each person can be exercised between May 1, 2027 and April 30, 2031 (= period of exercise), but only if

- the average unweighted closing price of the ANDRITZ share during 20 successive trading days in the period between May 1, 2026 and April 30, 2027 is **at least 10%** above the exercise price calculated as per 4.4.

or if

- the average unweighted closing price of the ANDRITZ share during 20 successive trading days in the period between May 1, 2027 and April 30, 2028 is **at least 15%** above the exercise price calculated as per 4.4.

4.7. **Criterion b)**

60% of the options granted to each person can be exercised between May 1, 2027 and April 30, 2031 (= period of exercise), but only if

- the EBITA margin for the business year 2024 or 2025 or in 2026 amounts to **at least 8.0%**.

In order to determine the EBITA margin, the consolidated financial statements of the applicable year with an unqualified auditor's report are relevant. The EBITA margin is calculated on the basis of the EBITA excluding any extraordinary expenses or extraordinary earnings. If there is any doubt, the Audit Committee of the Supervisory Board shall decide.

4.8. **Criterion c)**

10% of the options granted to each person can be exercised between May 1, 2027 and April 30, 2031 (= period of exercise), but only if in 2024 or 2025 or in 2026

- AFR >2.0: No options may be exercised.
- AFR 1.5 up to 2.0: Aliquot options can be exercised depending on the AFR.
- AFR at 1.5 or less: 100% can be exercised.



4.9. The three criteria are independent from each other. Provided that the terms and conditions of exercise according to one of the criteria a), b) or c) are fulfilled, 50% of the options assigned to the respective criteria can be exercised immediately upon commencement of the exercise period, and 25% of the options can be exercised after three months, with the remaining 25% being exercisable after a further three months.

4.10. Stock options can only be exercised by way of written notification to the corporation.

5 NUMBER OF OPTIONS ALREADY GRANTED AND DISTRIBUTION OVER EMPLOYEES, SENIOR EXECUTIVES AND THE INDIVIDUAL COMPANY BOARDS, STATING THE RESPECTIVE NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION IN EACH CASE

Current option programs:

Option program 2020: 935,000 stock options for 122 senior management issued

Option program 2022: 1,000,750 stock options for 127 senior management issued

The members of the Executive Board hold a total of 337.500 stock options (a total of 150,000 in 2020 and 187,500 in 2022), and the remainder is held by senior management.

The number of stock options granted per senior management eligible is up to 20,000 depending on the area of responsibility. Each stock option entitles the holder to the purchase of one share.

6 GENERAL REMARKS

6.1. The stock options are not transferable.

6.2. The shares purchased under the stock option program are not subject to a ban on sales over a certain period.

6.3. If the earnings-related requirement pursuant to 4.4 is not achieved or is not expected to be achieved and therefore a gain resulting from recognition of the options in the balance sheet in the respective current period is realized, such a gain will not be taken into account in calculating the EBITA margin for the purposes of this option program.

6.4. Example for illustration:

Executive receives 10,000 options

- 3,000 options relate to option conditions a)
- 6,000 options relate to option conditions b)
- 1,000 options relate to option conditions c)



Assumption: EBITA margin reaches **8.8%** in the business year 2025; the required share price performance of **10%** is achieved: hence it is possible to exercise the options according to conditions a) and b).

EBITA Margin	Exercisable options
8.0%	375
8.1%	750
8.2%	1125
8.3%	1500
8.4%	1875
8.5%	2250
8.6%	2625
8.7%	3000
8.8%	3375
8.9%	3750
9.0%	4125
9.1%	4500
9.2%	4875
9.3%	5250
9.4%	5625
9.5%	6000
AFR	Exercisable options
2.0	167
1.9	334
1.8	501
1.7	668
1.6	835
1.5	1000
Total options granted	10,000
- thereof relating to conditions a)	3,000
- thereof relating to conditions b)	6,000
- thereof relating to conditions c)	1,000

AFR 1 in the 2026 business year is **1.6**. Hence, **835** options can be exercised.

As a result, a total of 7,210 options (3,000 + 3,375 + 835) can be exercised.