



# 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 2022 stock option program

Graz, March 16, 2022. Approximately 120 to 150 senior executives as well as individual junior staff for future top management posts in the ANDRITZ GROUP and also members of the Executive Board are to be included in the ANDRITZ stock option program 2022. The number of shares allocated per eligible senior executive can be up to 20,000, depending on the area of responsibility, and for each Executive Board member 37,500. These options are to be drawn from the pool of shares purchased under the corporate buy-back program. In total, the maximum number of stock options that can be issued is 1,500,000.

The ANDRITZ 2022 stock option program takes account of financial and also non-financial goals and features the following criteria:

## **Criterion a): Share price performance**

**30% of the options granted to each person** can be exercised between May 1, 2025 and April 30, 2029 (= 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, 2024 and April 30, 2025 is **at least 10%** above the exercise price or if
- the average unweighted closing price of ANDRITZ shares during 20 successive trading days in the period between May 1, 2025 and April 30, 2026 is **at least 15%** above the exercise price calculated and

## **Criterion b): EBITA margin**

**60% of the options granted to each person** can be exercised between May 1, 2025 and April 30, 2029 (= period of exercise), but only if the EBITA margin for the 2022, the 2023 or the 2024 business year amounts to **at least 7.5%**:

- EBITA margin < 7.5%: No options may be exercised.
- EBITA margin 7.5% up to and including 8.9%: Aliquot options can be exercised depending on the amount of the EBITA margin.
- EBITA margin 9.0% or more: 100% can be exercised.



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.

**Criterion c): Accident Frequency Rate (AFR 1) – Number of accidents with one or more days of absence per one million working hours**

**10% of the options granted to each person** can be exercised between May 1, 2025 and April 30, 2029 (= period of exercise), but only if the **Accident Frequency Rate (AFR1 )** is  $\leq 2.4$  in 2022,  $\leq 1.7$  in 2023 or  $\leq 1.2$  in 2024.

Based on the AFR 1 goal of 3.4 for 2021, it is the target during the following three years to reduce AFR 1 every year by at least 30% compared to the preceding year.

As a consequence, the following AFR 1 goals are relevant for exercise of the stock options:

- Year 2022: AFR 1  $\leq 2.4$
- Year 2023: AFR 1  $\leq 1.7$
- Year 2024: AFR 1  $\leq 1.2$

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

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.

In order to exercise a share option, the eligible person must, in principle, have been in active employment with the company or one of the subsidiaries of the ANDRITZ GROUP as from June 1, 2022 until any exercise of the options. Another requirement is a personal investment in ANDRITZ shares.

The exercise price of the options is the unweighted average closing price of the ANDRITZ share in the four calendar weeks following the 115th Annual General Meeting, held on April 7, 2022.

One share option entitles the holder to the purchase of one share. The total number of shares that can be purchased can not exceed the number of options issued. The share options are not transferable. The shares purchased under the stock option program are not subject to a ban on sales over a certain period.

The Executive Board and Supervisory Board of ANDRITZ AG