



ANDRITZ AG remuneration report 2021

This remuneration report provides a comprehensive overview of the remunerations paid or owed to current and former members of the ANDRITZ AG Executive Board and Supervisory Board in the 2021 business year.

1 INTRODUCTION: BUSINESS DEVELOPMENT IN 2021

International technology group ANDRITZ saw very favorable business development in 2021.

Order intake of the Group reached a new record level of 7,880 MEUR and was thus significantly higher than the figure for the previous year's reference period (+29% versus 2020: 6,108 MEUR). All four business areas were able to increase their order intake compared to the previous year.

Revenue amounted to 6,463 MEUR and declined slightly compared to the record figure of the previous year (-4% versus 2020: 6,700 MEUR). This is mainly attributable to the processing of some larger orders in Pulp & Paper in the previous year which had only low revenue contribution in 2021.

Despite the slight decline in revenue, the **operating result (EBITA)** of the Group increased significantly to 547 MEUR, reaching a record high. It was thus significantly above the reference figure of the previous year (2020: 392 MEUR), which included extraordinary effects – measures for capacity adjustments – totaling around 79 MEUR (especially for Metals Forming and Hydro, and – to a lesser extent – also for the other business areas).

Net income (including non-controlling interests) amounted to 322 MEUR and was thus significantly higher than in the previous year (2020: 204 MEUR).



2 MAIN FEATURES OF THE REMUNERATION POLICY

The remuneration policy defines the principles applied in determining the remunerations of the Executive Board, the Supervisory Board and the executives of ANDRITZ AG. The primary objective of the remuneration policy is to promote long-term and sustainable company development, above all in the interests of the shareholders, and to organize the remuneration of the Executive Board and the Supervisory Board in a manner that is simple, clear and transparent. This is intended to achieve the best possible alignment of the company's strategy and goals with the interests of the company's owners.

These principles were approved by the Annual General Meeting on March 24, 2021.

2.1 REMUNERATION OF THE EXECUTIVE BOARD

The Supervisory Board is responsible for drawing up the remuneration policy for the Executive Board as well as for checking this policy regularly and implementing it.

The ANDRITZ AG remuneration policy for members of the Executive Board focuses on the endeavor to create an incentive for the ANDRITZ GROUP to achieve long-term growth and, in particular, a continuous improvement in its financial position and profitability. As from the 2021 business year the accident frequency will also be used to determine the variable remuneration component in addition to the financial criterion. The criterion applied here is the so-called "Accident Frequency Rate" (AFR), which is measured by the number of accidents resulting in one or more days of absence per one million working hours. ANDRITZ has the goal to reduce the AFR every year by 30% compared to the preceding year. If this target is reached, the variable remuneration per Executive Board member amounts to 100,000 EUR. If the AFR is the same as in the previous year or if there is a fatal accident, no variable remuneration is paid. If the AFR decreases between 0% and -30%, the variable remuneration is calculated linearly on a pro-rata basis. If the target value is exceeded, the variable remuneration increases linearly up to a maximum of 150,000 EUR per Executive Board member.

Executive Board members should receive a competitive remuneration in line with the market to create a strong incentive and thus attract highly qualified and best suited members to the company's Executive Board and tie them to the company in the longer term. In order to guarantee that the remuneration is competitive and in line with the market, a continuous, horizontal comparison of remunerations is conducted with other industrial companies in Austria and Germany.

The Executive Board's remuneration comprises a fixed payment (basic salary) and a variable performance bonus. In addition, all of the managers selected, including individual high potentials for future top management posts in the ANDRITZ GROUP, and the Executive Board of ANDRITZ AG have the opportunity to take part in a stock option program based on sustained development of the company's share price and earnings as well as on non-financial criteria. Other miscellaneous incentives for members of the Executive Board are pension fund arrangements, company cars, continued payments for up to six months in the event of illness (President and CEO up to 12 months with full remuneration, then 50% for another 12 months), insurance, relocation costs, expenses for



medical examinations and D&O insurance. Some of these incentives are explained in more detail below.

It should be noted that there are endeavors to effect a reduction in the fixed remuneration component by mutual agreement with the Executive Board in the event of negative economic developments.

The total remuneration paid to the Executive Board in the 2021 business year amounted to 12,522,128 EUR (2020: 8,205,488 EUR).

2.1.1 FIXED REMUNERATION COMPONENT

The fixed remuneration component (basic salary) is intended to create an incentive for the members of the Executive Board to pursue the company's objectives to the best of their ability and to act in the interests of the shareholders, the employees and also in the public interest. Determination of the component parts of the fixed remuneration takes account of the duties and also the professional experience of the individual Executive Board members, which results in each member of the Executive Board having a different basic salary based on the scope of their strategic and operative tasks.

The basic salary comprises an annual salary agreed upon by contract, which is paid in fourteen monthly salaries in advance – as is customary in Austria. The basic salary not only covers all overtime hours worked, but also functions performed in the bodies of Group companies.

In the 2021 business year, the fixed remuneration of all members of the Executive Board totaled 2,550,000 EUR (2020: 2,438,571).

in EUR	2020	2021
Wolfgang Leitner (President and CEO)	823,143	860,000
Humbert Köfler	390,286	410,000
Norbert Nettesheim	382,857	400,000
Joachim Schönbeck	449,857	470,000
Wolfgang Semper	392,428	410,143
Total	2,438,571	2,550,000



2.1.2 VARIABLE REMUNERATION COMPONENT

The long-term goal of the ANDRITZ GROUP is long-term profitable growth. Therefore, the remuneration policy of ANDRITZ AG is divided into short-term and long-term remuneration components with respect to the variable remuneration.

2.1.2.1 Short-term variable remuneration components

The short-term variable remuneration is tied to the net income (excluding non-controlling interests). As safety at work is a matter of great importance to the ANDRITZ GROUP and reducing the number of accidents at work is an essential goal of the ESG strategy, the accident frequency is to be used to determine the variable remuneration component in addition to the financial criterion as from the 2021 business year. The criterion applied here is the so-called “*Accident Frequency Rate*” (AFR), which is measured by the number of accidents resulting in one or more days of absence per one million working hours.

The short-term variable remuneration policy is organized as follows:

Factors	Minimum target	Variable remuneration component	Actual value in 2021
Net income	100 MEUR	0.5% (1% for the President and CEO) of the net income if the target is met or exceeded ¹	322 MEUR
AFR	-30% compared to the previous year (2020: 4.8)	If reached: 100,000 EUR per Executive Board member If exceeded: linear increase up to a maximum of 150,000 EUR per Executive Board member Change of AFR between 0% and -30%: amount calculated proportionally No variable remuneration is paid if the change is 0% or there is a fatal accident	AFR: 3.1 115,278 EUR

¹ A reduced percentage of 0.4% is applied for new Executive Board members in the first two years after taking on an Executive Board mandate.



If the net income is less than 100 MEUR, no variable remuneration will be paid. In the event of negative net income, a negative bonus is created that is calculated in the same way as the bonus and is carried forward to successive years and reduces the amount of future bonus payments. As an incentive to promote growth the calculation factor (the percentage) for the variable remuneration will be reduced by 5% p.a. in the following years, i.e. it declines from 0.5% in 2021 to 0.475% in 2022 and so on. Correspondingly, the value of the net income, below which no variable financial remuneration will be paid, increases by 5% p.a., i.e. after 100 MEUR in 2021 it increases to 105 MEUR in 2022 and so on.

The variable remuneration paid for a business year cannot exceed three times the amount of the fixed salary. If the calculation of the variable remuneration results in a higher sum, the amount exceeding three times the fixed salary must be carried forward to the following business year in each case. These amounts carried forward are subject to an escalation clause until they are paid out.

The calculated variable remuneration for each member of the Executive Board is as follows:

in EUR	Maximum possible variable remuneration for 2021	Entitlement based on targets reached for 2021	Entitlement for variable remuneration 2020
Wolfgang Leitner (President and CEO)	2,580,000	3,331,928	2,037,190
Humbert Köfler	1,230,000	1,723,603	1,018,595
Norbert Nettesheim	1,200,000	1,401,938	814,876
Joachim Schönbeck	1,410,000	1,723,603	1,018,595
Wolfgang Semper	1,230,000	1,723,603	1,018.595
Total	7,650,000	9,904,674	5,907,851

With respect to the calculation parameters for the short-term variable remuneration, the same arrangements apply to all members of the Executive Board because commercial success as a result of successful collaboration between individual business areas is seen as the overall responsibility of all Executive Board members.



2.1.2.2 Long-term variable remuneration component

Stock option programs are the long-term remuneration component. The aim of the stock option program is to tie the amount of the variable remuneration directly to the long-term development in operating result and share price of the company. The stock option program 2020 includes the Accident Frequency Rate (AFR) as an additional criterion for exercising the options. These stock option programs are intended to guarantee that the ANDRITZ management orients itself more towards the goals of the company's shareholders and also has a share in the success achieved.

Stock option programs have been implemented continuously since the IPO in 2001. The stock option programs currently ongoing are from the years 2018 and 2020. All stock option programs launched so far follow the recommendations of the Austrian Corporate Governance Code (ÖCGK)².

The two stock option programs still running define a vesting period of at least three years before options can be exercised, which is in accordance with the EU remuneration recommendation and the ÖCGK.

The options are not transferable. The holding/retention period is three years.

² Rule 8 of the ÖCGK recommends that a stock option plan builds on measurable, long-term and sustainable criteria that are determined beforehand.



Stock Option Program 2018

The 2018 stock option program was passed by the 111th Annual General Meeting of ANDRITZ AG on March 23, 2018.

Participation was contingent upon the person eligible investing at least 20,000 EUR (at least 40,000 EUR for members of the Executive Board) by June 1, 2018 at the latest.

The exercise price of the option is the unweighted average closing price of the ANDRITZ share in the four calendar weeks following the 111th Annual General Meeting, held on March 23, 2018, and amounts to 46.01 EUR.

The exercising criteria for the 2018 stock option program are as follows:

Target	Variant A	Variant B
Share price	Average unweighted closing price on 20 consecutive trading days between May 1, 2020 and April 30, 2021 is at least 10% higher than the exercise price	Average unweighted closing price on 20 consecutive trading days between May 1, 2021 and April 30, 2022 is at least 15% higher than the exercise price
EBITA margin³	2019: at least 7.9% or 2020: at least 8.0%	2020: at least 8.0% or 2021: at least 8.1%

The Consolidated Financial Statements of the respective year with an unqualified auditor's report are used to determine the EBITA margin.

In order to exercise an option, the eligible person must have been in active employment without interruption from May 1, 2018 until the date of exercise with one of the companies belonging to the ANDRITZ GROUP and must prove that the personal investment was maintained continuously during this period.

Exercise of the stock option program shall commence on May 1, 2021 and end on April 30, 2023. If the exercise criteria are fulfilled, 50 percent of the options can be exercised immediately upon commencement of the period of exercise, 25 percent of the options can be exercised after three months, and the remaining 25 percent can be exercised after a further three months.

³ quotient of EBITA and revenue



Stock Option Program 2020

The 2020 stock option program was passed by the 113th Annual General Meeting of ANDRITZ AG on July 7, 2020. In addition to selected managers and the members of the Executive Board, the program was for the first time also offered to a small number of high potentials for future management posts. Participation was contingent upon the person eligible for the option investing at least 20,000 EUR (at least 40,000 EUR for members of the Executive Board, at least 5,000 EUR for high potentials for future management posts) by September 1, 2020 at the latest.

The exercise price of the share option is the unweighted average closing price of ANDRITZ shares in the four calendar weeks following the 113th Annual General Meeting, held on July 7, 2020, and amounts to 31.20 EUR.

The exercising criteria for the 2020 stock option program are as follows:

Target	Target value	Weighting
Share price increase	10% ⁴ –15% ⁵	90% ⁶
EBITA margin ⁷	Between 6.5 and 8% to be achieved at least in one of the 2021, 2022 or 2023 business years	
Accident Frequency Rate (AFR) ⁸	For at least one of the 2021, 2022 or 2023 business years: <= 3.5	10% ⁹

In order to exercise an option, the eligible person must have been in active employment without interruption from September 1, 2020 until the date of exercise with one of the companies belonging to the ANDRITZ GROUP and must prove that the personal investment was maintained continuously during this period.

Exercise of the stock option program shall commence on May 1, 2023 and end on April 30, 2027. If the exercise criteria are fulfilled, 50 percent of the options can be exercised immediately upon commencement of the period of exercise, 25 percent of the options can be exercised after three months, and the remaining 25 percent can be exercised after a further three months.

⁴ if the average unweighted closing price of the ANDRITZ share during 20 successive trading days in the period between May 1, 2022 and April 30, 2023 is at least 10% higher than the exercise price

⁵ if the average unweighted closing price of the ANDRITZ share during 20 successive trading days in the period between May 1, 2023 and April 30, 2024 is at least 15% higher than the exercise price

⁶ Both criteria (share price increase and EBITA margin) must be met.

⁷ Quotient of EBITA and revenue. If the target value is not met, no options can be exercised. With an EBITA margin between 6.5 and 7.9%, options can be exercised on a pro-rata basis according to the figure for the EBITA margin, and if the EBITA margin is 8% or more, 90% of the options can be exercised.

⁸ Accident frequency with one or more days of absence per 1 million working hours

⁹ If this target is reached, these options can be exercised regardless of whether the other two targets are reached.



The options granted are as follows:

in EUR	Options granted in previous years ¹⁰	Options granted in the 2021 business year	Options exercised in the 2021 business year	Exercise price /share	Total options exercised as of December 31, 2021
Wolfgang Leitner (President and CEO)	75,000	-	-	-	-
Humbert Köfler	75,000	-	-	-	-
Norbert Nettesheim	37,500	-	-	-	-
Joachim Schönbeck	75,000	-	-	-	-
Wolfgang Semper	75,000	-	-	-	-
Other senior managers and high potentials for future management posts	1,454,500	-	-	-	-
	1,792,500	-			

¹⁰ from the 2018 and 2020 stock option programs



Shareholdings of the members of the Executive Board (number):

in EUR	31.12.2020	Purchase	Sale	31.12.2021
Wolfgang Leitner (President and CEO)	6,000 ¹¹	-	-	6,000
Humbert Köfler	34,586	-	-	34,586
Norbert Nettesheim	4,000	-	-	4,000
Joachim Schönbeck	16,200	-	-	16,200
Wolfgang Semper	26,000	-	-	26,000
Total	86,786	-	-	86,786

The provisions¹² made from the stock option programs consist of the following

in EUR	Stock option program 2018	Stock option program 2020	Total	Previous year
Accumulated carrying amount of the provision as of December 31, 2021	4,474,911	1,027,353	5,501,964	4,109,975
P&L account on December 31, 2021	521,474	770,515	1,391,989	1,748,375

Later repayment of variable remuneration components that have already been paid out does not apply to contracts up to 2018. For contracts as from 2019, the company is entitled – according to Rule 27 of the ÖCGK – to request repayment of variable remuneration components if they have been paid on the basis of data that are clearly incorrect. No requests were made for repayment of variable remuneration components in the 2021 business year.

¹¹ Wolfgang Leitner holds 6,000 shares personally. Wolfgang Leitner is also the economic owner of Custos Vermögensverwaltungs GmbH and Cerberus Vermögensverwaltung GmbH, which hold 30,72% (31,949,544 shares) and 0.77% (800,000 shares), respectively, of the shares in ANDRITZ AG.

¹²The stock option plans are measured based on the fair value of the options on the issuing date. The estimated fair value of these options is based on parameters such as volatility, interest rate, share price, duration of the option and expected dividend. The interpretation of market information necessary for the estimation of fair values also requires a certain degree of subjective judgment. This can result in a difference between the amounts recorded and values subsequently realized in the market.



2.1.2.3 Other remuneration components and agreements

Pension scheme

Contributions are paid into an external pension fund for members of the Executive Board. The amounts paid are agreed individually with each Executive Board member. Payments into the pension fund for Executive Board members first appointed before 2011 are based on the “defined benefit” principle, while the payments for those first appointed after 2011 are based on the “defined contribution” principle.

Defined benefit:

in EUR	2020	2021
Wolfgang Leitner (President and CEO)	609,850.00 (p.a.)	666,650.00 (p.a.)
Humbert Köfler	32,000.00 (p.a.)	32,000.00 (p.a.)

Defined contribution:

in EUR	2020	2021
Norbert Nettesheim	60,000.00	60,000.00
Joachim Schönbeck	83,470.20	84,976.22
Wolfgang Semper	37,620.22	38,298.98



Pension payments to former Executive Board members or their surviving dependents are valorized annually. Valorization covers changes in the cost of living (increase in CPI), the increase in collective agreement wages and salaries as well as the economic status of the company.

The annual pension benefits amount to:

in EUR	2020	2021
Günther Hillmann	43,159.76	43,664.74
Friedrich Papst	93,891.42	94,990.00
Franz Hofmann	102,055.94	103,250.00
Edelburgg Rebernik	39,522.28	39,984.70
Total	278,629.40	281,889.44

Directors' and officers' insurance (D&O insurance)

ANDRITZ AG has taken out Directors' and Officers' liability insurance (D&O insurance) for the members of the Executive Board and the Supervisory Board. The D&O insurance covers certain personal liability risks of persons in the ANDRITZ GROUP acting under responsibility. The costs in the 2021 business year total 560,000 EUR (2020: 290,000 EUR).

Special bonus payments

The Supervisory Board has decided not to grant any more special bonus payments for extraordinary achievements, sustainability, health & safety or sign-on and stay as from 2021.

Payments in kind

Payments in kind for the Executive Board, mainly for company cars and business travel expenses, amounted to a total of 63,319 EUR in 2021 (2020: 67,920 EUR).



Other remuneration components

The company pays accident insurance premiums covering death, occupational disability and medical expenses. Furthermore, the company will pay the costs of running a second household, if necessary, for up to one year as from the beginning of the employment contract and reimburses expenses for comprehensive medical check-ups once a year. In addition, external costs in connection with civil, criminal or other official proceedings are reimbursed to the President and CEO except in the event of a gross breach of duty. In the 2021 business year, the other remuneration components granted amounted to 520,464 EUR (2020: 546,955 EUR).

2.1.3 ACCRUED ENTITLEMENTS AND PAYMENT THEREOF IN THE 2021 BUSINESS YEAR

The following table shows the entitlements accrued during the 2021 business year, the payments made in the 2021 business year as well as the amounts owed. Similarly, the table shows entitlements accrued in the previous years but not paid out in those years, i.e. amounts carried forward.

in EUR	Year	Accrued entitlement	Payment in 2020	Amount owed
Wolfgang Leitner (President and CEO)	2021	4,204,041	872,113	3,331,928
	Previous years*	1,859,807	1,859,807	0
Humbert Köfler	2021	2,144,228	420,625	1,723,603
	Previous years*	1,452,792	1,230,000	222,792
Norbert Nettesheim	2021	1,818,376	416,438	1,401,938
	Previous years*	814,872	814,872	0
Joachim Schönbeck	2021	2,205,516	481,914	1,723,603
	Previous years*	1,018,590	1,018,590	0
Wolfgang Semper	2021	2,145,832	422,229	1,723,603
	Previous years*	1,041,021	1,041,021	0
Total 2021		12,517,993	2,613,319	9,904,674
Total previous years		6,187,082	5,964,290	222,792

*Carry forwards from previous years

**Detail on the remuneration of the Executive Board:**

Reconciliation of total remuneration (in EUR)	2021
Fixed remuneration	2,550,000
Variable remuneration	9,904,674
Payments in kind	63,319
Accrued entitlement	12,517,993
Release of provisions for remuneration 2020	-29
Indexation of accrued entitlements of previous years	4,164
Total remuneration	12,522,128
Payment in 2021 (in EUR)	
Fixed remuneration	2,550,000
Payments in kind	63,319
Accrued entitlements from previous years	5,964,290
Total	8,577,609



2.2 SUPERVISORY BOARD REMUNERATION

The remuneration system for the ANDRITZ AG Supervisory Board comprises a fixed flat-rate payment and a portion related to attendance of meetings. Each elected member of the Supervisory Board annually receives a fixed flat-rate payment in the amount of 30,000 EUR. The Deputy Chairman receives an annual flat-rate remuneration of 45,000 EUR and the Chairman in the amount of 60,000 EUR. The yearly additional remuneration for the Chairwoman of the Audit Committee amounts to 15,000 EUR. The annual remunerations mentioned are paid pro rata temporis.

The Supervisory Board remunerations for the 2021 business year total 315,000 EUR (2020: 315,000 EUR). This sum was divided between the individual Supervisory Board members as follows:

in EUR	Flat-rate payment	Attendance-related payment	Total 2021	Total 2020
Christian Nowotny (Chairman of the Supervisory Board)	60,000	12,500	72,500	72,500
Alexander Leeb (Deputy Chairman of the Supervisory Board)	45,000	12,500	57,500	50,000
Wolfgang Bernhard	30,000	12,500	42,500	20,000
Jürgen Hermann Fechter	30,000	12,500	42,500	42,500
Alexander Isola	30,000	12,500	42,500	42,500
Monika Kircher	45,000	12,500	57,500	57,500
Fritz Oberlerchner (former Deputy Chairman of the Supervisory Board; stepped down as of September 1, 2020)	-	-	-	30,000
Total	240,000	75,000	315,000	315,000



Accrued entitlements and payments thereof in the 2021 business year

in EUR	Year	Accrued entitlement	Payment in 2021	Amount owed
Christian Nowotny (Chairman of the Supervisory Board)	2021	72,500	-	72,500
	Prev.years	72,500	72,500	-
Alexander Leeb (Deputy Chairman of the Supervisory Board)	2021	57,500	-	57,500
	Prev.years	50,000	50,000	-
Wolfgang Bernhard	2021	42,500	-	42,500
	Prev.years	20,000	20,000	-
Jürgen Hermann Fechter	2021	42,500	-	42,500
	Prev.years	42,500	42,500	-
Alexander Isola	2021	42,500	-	42,500
	Prev.years	42,500	42,500	-
Monika Kircher	2021	57,500	-	57,500
	Prev.years	57,500	57,500	-
Fritz Oberlerchner (former Deputy Chairman of the Supervisory Board; stepped down as of September 1, 2020)	2021	-	-	-
	Prev.years	30,000	30,000	0
Total		630,000	315,000	315,000

No Supervisory Board remuneration was paid to the Supervisory Board members delegated by the employee representative organizations.

The Chairman of the Supervisory Board is also a member of the Schuler AG Supervisory Board and received a remuneration amounting to 25,000 EUR plus attendance fees amounting to 14,000 EUR for the 2021 business year (2020: EUR 25,000 plus attendance fees amounting to 14,000 EUR).

The Chairman of the ANDRITZ AG Executive Board, Wolfgang Leitner, waived his remunerations as Chairman of the Schuler AG Supervisory Board as in the preceding years. In order to guarantee the impartiality of the Supervisory Board, there are no variable or share-related remunerations or bonus payments.

Members of the Executive Board with a function on the Supervisory Board of a Group company do not receive any remuneration for performing this function.



3 OTHER INFORMATION AND EXPLANATIONS

The annual change in the overall remuneration of the Executive Board, the company's economic success and the remuneration of other company employees is as follows:

in EUR	2020	2021	Change in %
Earnings after taxes	203,718,021	321,664,811	+58%
Total Executive Board remuneration	8,205,488	12,522,128	+53%
No. of employees (not including Executive Board) ¹³	27,232	26,804	-2%
Average remuneration of other employees¹⁴	51,606	54,207	+5%

¹³ number of employees as of December 31 of the respective year, apprentices and employees on unpaid leave not included; number of full-time equivalents not available

¹⁴ based on the number of employees as of December 31